



Daily Report

East Asia

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Indonesian Minister Views APEC's Future

BK0411020394 Jakarta ANTARA in Indonesian 2245
GMT 3 Nov 94

[FBIS Translated Excerpt] Jakarta, 3 November (ANTARA)—Foreign Minister Ali Alatas has said the institutionalization of the APEC [Asia-Pacific Economic Cooperation] Forum will proceed slowly and will be inevitable.

"Sooner or later, the institutionalization process will be inevitable. We, however, do not want the institutionalization to proceed too fast," he told reporters in Jakarta on Thursday.

"The formation of the APEC secretariat and APEC committees will be an indication of a small-scale institutionalization process. All members, including Malaysia, have agreed," he said.

He added Malaysia will be the strongest opponent to the rapid institutionalization of APEC and this has gained [words indistinct] of all APEC members. [passage omitted]

Article Views Misgivings About APEC Summit

BK0411070094 Bangkok BANGKOK POST in English
4 Nov 94 p 4

[Article by M.G.G. Pillai under the rubric 'ASEAN Viewpoint': "APEC Must Come to Terms With Asia"]

[FBIS Transcribed Text] Kuala Lumpur—The second Asia Pacific Economic Cooperation (APEC) summit this month in Jakarta could well turn out to be more contentious than the first one in Seattle last November.

Last year, the bone of contention was whether Washington should dictate the future course of the American-Australian sponsored APEC as an organisation of regional trade. This year, it will be whether APEC ought to become an American-dominated trading bloc, moving away from what it was meant to be.

Malaysian Prime Minister Mahathir Mohamed refused to attend the hastily-organised first summit, which US President Bill Clinton had unilaterally called. That the United States and Australia then had to persuade countries in Asia to attend, and all but Malaysia did, underscored not the soundness of the proposal but a desire not to annoy Washington, which after all, remains the dominant superpower in the region.

But Malaysia's public reservations and private worries about APEC eventually could not overcome the hype about free trade and the solidity of APEC's future. As the Bergsten report indicates APEC envisions a future beyond the original aim of being a clearing-house for Asia Pacific trade, to being an economic bloc dominating Asia Pacific trade. Australia has begun to worry about the import of these moves, as have many countries in Asia.

The Jakarta summit is dubbed "informal", as Seattle was. Informal or not the two summits are unlikely to iron out difficulties, even if swept under the proverbial carpet. What APEC ought to be remains unclear. Suspicions about what it could eventually be hinders its acceptance. But the pressure to set it up, with Washington and Canberra egging it on, drives the idea along.

The meeting of senior ministers and officials in Jakarta in July did not resolve these doubts, which the summit this month will take up once again. This month's summit was to have been the first, until President Clinton hijacked it to Seattle last year.

But the manner in which APEC is pushed along is meeting pressure not often publicly articulated. Mahathir's opposition, well-known as it is, challenges APEC's fundamentals, but it is also linked to the East Asian Economic Caucus (EAEC), which Washington opposes and he runs with. US diplomats say they do not know what EAEC is all about.

Japan's Ministry of International Trade and Industry (MITI) is all for it: within the GAIMUSHO, the foreign ministry, there is an even split. The Japanese business community gives it more support than is assumed. A discernible change in Japan, especially among the younger civil servants, about Washington's heavy-handed approach to Asia, inevitably increases support for EAEC amid a neutral posture on APEC. Indeed, Japanese officials have suggested to ASEAN leaders to rename the EAEC and "get on with it."

The problem of attendance at summits will dog APEC in the years ahead. When Mahathir wanted Paduka Rafidah Aziz, Malaysia's minister of international trade and industry, to represent him in Seattle, the White House vetoed that. President Li Teng-hui cannot attend the Jakarta summit over Beijing's objections.

When South American countries on the Pacific Seaboard wanted to join, Washington did not want them in yet.

Turf battles like these will dog APEC as long as Washington dictates the group's broad framework and policy aims. The Asian tendency to arrive at decisions by consensus is ignored, with disagreements often dismissed out of hand. The suspicion of APEC as a regional trading bloc dominated by Washington refuses to disappear.

A high-profile Eminent Persons Group of academics and politicians from APEC member countries, chaired by Dr C. Fred Bergsten, a US economist, wrote the Bergsten report to determine what APEC would be all about. How and why this should be so is unanswered.

The member countries themselves have not addressed the issue: indeed, they should be drafting the report. Instead, the summit would consider a plan that would turn the 17-member APEC into a powerful new trading

bloc with some similarities to the European Common Market and without the government's direct involvement.

It has met with resistance: if Asian leaders ought to have a trade bloc, it would opt for freer trade and not a discriminatory trading bloc APEC threatens to become, as Australian Trade Minister Peter Cook and Malaysian Foreign Minister Abdullah Ahmad Badawi have pointed out. It would have been better, or more politic to have had someone other than Dr Bergsten, a former high-ranking US government official, chair the Eminent Persons Group, but such subtleties often escape Washington planners.

Underlying the confusion among APEC members about the organisation and the related problem of EAEC is a cultural clash between Asia and the West that is not addressed. That the Association of Southeast Asian nations (ASEAN), for instance became what it is today was due to two decades of patient, behind-the-scenes diplomacy, working essentially on the lowest common denominator, and a refusal to take positions on internal matters. The larger interest took precedence.

The Philippines and Malaysia could have a border dispute while cooperating to make ASEAN a strong regional body representing both as well as the other four members. The community's interests are more important than sectarian quarrels. What this means in practice is that in bilateral quarrels within ASEAN—and there are quite a few—the leaders reach for the telephone rather than for the gun. Often, it can be resolved without the public ever knowing about it.

That sense of give-and-take does not exist in APEC. The high profile posturing in public over the organisation's future, the public disagreements, the uncertainties over the role of Hong Kong and Taiwan, the reluctance to admit the South Pacific and South American countries, the absence of a common desire for a regional forum where no one dominates, makes APEC's future, as the low-key organisation originally planned or as a discriminatory trading bloc, doubtful at best. But this is not what is hyped.

The core group in APEC—the US and Australia—cannot get the other members to come to a consensus to the degree, for instance that Malaysia and Indonesia, the core countries in ASEAN, or Germany and France in the European Union, can.

EAEC as a sub-set of APEC, therefore, makes sense. APEC's policy confusion could be pared down if one group within it has a sense of what is wanted. Washington decries EAEC as an Asian group that eventually could confront it and, therefore, opposes it. That all its members are Asian is an accident of geography and culture. In the wider world, groups give their members confidence and enable them to formulate common policies that could eventually bring about a more cohesive region, a sort of an East Asian ASEAN. It is this which worries Washington: EAEC is an ASEAN project, APEC is not.

The November summit, therefore, is another meeting where significant decisions can be expected. Perhaps summits should be reserved for significant decisions that would push the organisation forward, not to postulate on what the future ought to be. APEC has yet to come to terms with the reality of Asia.

Article Views Mediation Efforts on Spratlys

BK0411084594 Singapore *THE STRAITS TIMES* in English 3 Nov 94 p 28

[Article by chief regional correspondent Lee Kim Chew: "Prickly Issue With No Concession"]

[FBIS Transcribed Text] Indonesia's delicate balancing act on disputes in the South China Sea can only get harder as it plods along against heavy odds to play the role of an honest broker in preventing armed conflicts.

Going by last week's workshop on this prickly subject in the West Sumateran town of Bukittinggi, future sessions will be more difficult as the participants bite into substantive issues arising from rival Spratlys claims.

Foreign Minister Ali Alatas held out hopes that the claimants could come closer to "a major breakthrough" when he opened the workshop, the fifth to be held in Indonesia since the Canadian-sponsored series began in 1990.

Indonesia is keen to involve government agencies more directly to give the workshop an official status, but some participants, particularly China and Taiwan, balked at the idea.

Taking a minimalist approach, the latter two want the discussions to be kept low-key, informal, and as far as possible, without any participation by non-South China Sea states or agencies.

Taiwan even objected to the idea of inviting the ambassadors of interested countries, such as Japan and the United States, to the session's opening ceremony.

The call for a secretariat to coordinate workshop activities did not win support either from the minimalist school.

And when it came to confidence-building measures, China and Taiwan were at one in resisting Indonesia's efforts to encourage discussion on ways to promote transparency and limit military presence in the South China Sea.

But all is not lost yet. In a laborious step-by-step approach to secure cooperation on non-controversial subjects, the workshop is inching forward with a joint research project to study the impact of environmental changes on marine life in the South China Sea. This will be the workshop's first fruit after five years of deliberations. More projects, such as the exchange of scientific information and networking, are on the cards.

The participants, from the six ASEAN countries, China, Taiwan, Vietnam, Cambodia, Laos, and Canada, are government officials, experts, scientists, and academics and they attended the session in their private capacities.

The discussions fell in a twilight zone because the participants pushed their government's line though they

professed to voice their own views. It was a pretence the participants were happy to put up with.

Indonesia, which has no claims in the Spratlys, recognises the difficult problems of jurisdiction and sovereignty over the disputed islands.

Its ambassador-at-large for Law of the Sea, Dr. Hasyim Jalai, said that the meeting in Bukittinggi was the most difficult thus far because the participants came to grips with sensitive political issues.

China, Taiwan, and Vietnam claim all of the potentially oil-rich Spratlys, while the Philippines, Malaysia, and Brunei claim some of the islands and atolls which lie astride vital international shipping lanes.

The vice chairman of the Singapore Institute of International Affairs, Dr. Lee Lai To, said each country had its own agenda.

Dr. Lee, who has been attending the workshops, noted that the exchanges in Bukittinggi were sharper and the atmosphere more tense than previous ones.

He told *THE STRAITS TIMES*: "No country has made any concession. China and Taiwan hardened their positions when the discussions touched on the sensitive issues of jurisdiction and sovereignty."

Brunei, which is the smallest of the claimants and which has no troops to back its claim, wants to see less military presence in the Spratlys, but its plea has not been heeded.

Malaysia is consolidating its claim by developing some of the islands it controls as a tourist resort, and like the other bigger claimants, it also fortifies them with troops.

The Philippines, banking on its military pact with the U.S., expects Washington to come to its aid if it is attacked in the Spratlys.

Vietnam is taking steps to join ASEAN and some analysts believe that Hanoi hopes to strengthen its position by working with the grouping to pursue its own claim.

Thus, unlike China, it sees advantage in internationalising the Spratlys issue. For now, possession is nine-tenths of the law.

Dr. Mark Valencia, a research associate on ocean policy and international relations at the East-West Center in Honolulu, told *THE STRAITS TIMES*:

"Some of the smaller claimants hope that as China internationalises, it will relent on the claims. So they think that time is on their side. But another school of thought says that it is better to settle the disputes now when China is still weak. Better to have something now or nothing later, so the thinking goes. It's a dangerous game tweaking the nose of China."

China and Vietnam fought in the Spratlys in 1988 and the risk of another clash is always there as long as both

countries continue to grant concessions in disputed areas and the oil companies push further into deeper waters.

With all the claimants upgrading their military capabilities, this is a worrisome development for regional stability.

Said Dr. Valencia: "China is adamant that the territorial disputes in the South China Sea are not internationalised. It would only discuss with other claimants collectively or on a bilateral basis. China wants the U.S. to stay out of it, and the U.S. is also anxious that the Spratlys ought not be a bone of contention between them."

But American oil companies will be caught in the middle when there is fighting in the South China Sea.

"The Indonesian workshop is the last best hope to sort out regional security," said Dr. Valencia. As long as China is engaged, this will make it more difficult for things to get out of hand. Throw a web over the issues to try to make it difficult for the claimants to defect from this regime or break out of the norms."

But there is little beyond goodwill and good politics to hold the claimants together in the Indonesian workshops. China may also be unwilling to discuss the Spratlys dispute in the newly-formed ASEAN Regional Forum.

Said Dr. Valencia: "The situation is not ripe for solution. The smaller countries think they can stall and manoeuvre to consolidate their claims. China, too, is in no hurry to resolve the disputes. It may take a real crisis to force some kind of solution."

Dr. Lee noted that China preferred to resolve territorial disputes with its neighbours bilaterally, not through international adjudication such as the World Court.

The Spratlys disputes are, thus, more likely to be resolved by diplomacy than legal means if armed conflicts can be avoided.

But many countries do not trust China and see its growing military might as a potential threat. Chinese foot-dragging in the Indonesian workshops has not helped to dispel fears about their intentions.

Said Dr. Lee: "If China wants to take the lead, things can move very fast. But it wants to do things at its own pace, in its own way, at its own time."

Dr. Jalal, a prime mover of the workshop series, often has to probe, push, and persuade the key participants into action.

Indonesia, however, seems determined to push forward to elevate the workshop by involving government agencies as well as non-South China Sea entities in its activities. But, progress will be at a snail's pace because it can only move as fast as the claimants are willing to. A technical working group on legal matters will be convened in Thailand next year, but its scope is clearly limited. It will avoid discussions on territorial claims and focus instead on the implications of the Law of the Sea Convention on cooperative efforts in the South China Sea.

After long and inconclusive discussions, the workshop has yet to find a venue to tackle shipping, safety of navigation, and communication.

China has objected strenuously to Taiwan as a venue, and Malaysia does not want to play host.

Indonesia's brave effort to manage potential conflicts in the South China Sea is an excruciatingly slow process that has stretched Dr. Jalal's considerable diplomatic skills to the limit.

For the workshop to succeed, Indonesia deserves all the support it can get in this exercise.

If Dr. Jalal fails, it will not be for want of trying and the region will be the worse for it.

Japan

Tokyo To Uphold Free Trade in Asia-Pacific

OW0411100194 Tokyo KYODO in English 0808 GMT
4 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—Japan should support liberalization and facilitation of trade and investment in the Asia-Pacific area as its long-term economic policy, the Japanese trade minister said Friday [4 November].

"Japan should uphold promotion of such a policy as a means of further freeing and facilitating Asia-Pacific economic activity by the private sector," International Trade and Industry Minister Ryutaro Hashimoto said in a press conference.

Hashimoto made the comments a week ahead of a two-day ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Indonesia, which is designed to craft a freer trade vision in the APEC region.

Hashimoto said he will propose in the meeting the need to work out steps to facilitate trade. Specifically, he said, it is important to "upgrade and harmonize" institutional systems within APEC that support industrial activity in the private sector, such as investment rules, standards and certificates in trade.

To maximize effects of such trade measures, intra-APEC cooperation is necessary in human resources development and technological transfer, he said. Hashimoto said trade facilitation measures would produce intended results only when they are accompanied by improved infrastructure in each country.

Japan will propose establishing a system to realize both tasks simultaneously under the concept of "the integrated approach." Under the approach, mutual recognition of trade standards among APEC members, for example, is possible only after all parties come to establish set rules and frameworks on such standards. APEC members with a technical foundation in making such standards can cooperate in transplanting their know-how to members who lag behind in the area, Hashimoto said.

During the ministerial APEC meeting, Japan will offer a package of proposals on ways to achieve economic growth, security of energy supply and environmental protection simultaneously within the APEC area.

Based on its own proposal last year, Japan is now preparing a study report intended to address the three issues for submission to the coming APEC ministerial meeting. In the report, Japan will point out the necessity of improving the supply-demand structure of energy in the Asia-Pacific area, Hashimoto said.

Specifically, Japan will show some prescriptions on ways to upgrade energy efficiency, including the best mix of energy sources, such as between natural gas and water

power, Hashimoto said. The report will also call attention to possible harmful effects on the globe from excessive use of coal energy, such as acid rain, he said.

Hashimoto said Japan will emphasize the importance of fostering small and medium enterprises on the basis of the latest APEC conference on the topic in Osaka. At the Osaka conference, APEC members called for private-sector participation in addressing major APEC issues such as development of small companies, Hashimoto said.

Hashimoto said he will propose during the ministerial APEC meeting the holding of a joint government-private sector conference on energy in Japan in April.

The conference, to be held on a subcabinet level, is designed to prepare a report forecasting long-term supply-demand energy ties in the Asia-Pacific region, Hashimoto said.

On the overall role of APEC, Hashimoto said the forum should serve both as a prime mover of freer trade and investment in the Asia-Pacific region and a propellant of economic and technological cooperation in the area.

"Both are interactive like two wheels of an automobile," Hashimoto said. "The two pillars, when functioning in a manner that have a favorable impact on each other, could help guarantee a good cycle of economic development in the area," he said.

Contentious Points in Financial Talks Cited

OW0311125994 Tokyo MAINICHI SHIMBUN in
Japanese 2 Nov 94 Morning Edition p 9

[Article by economic reporters Shigehiro Takada, Makoto Imasawa, and Hideaki Shiotani]

[FBIS Translated Text] Japan-U.S. working-level talks on Japanese financial markets, an additional priority sector in the bilateral framework trade talks, are to be held in Tokyo in mid-November. The United States is urging Japan to liberalize its public pension funds market. During a negotiation session in Washington at the end of October, U.S. Treasury Secretary Lloyd Bentsen made his first appearance at the financial service talks and demanded they be wrapped up by the end of the year. As such, tensions are rapidly mounting. We examined the contentious points in the talks, and possible impact of market liberalization on Japanese financial circles.

In the talks, Washington strongly demanded Japan open its public pension funds market. At present only life insurance companies and trust banks are authorized to operate pension funds. The United States is urging Japan to abolish this regulation.

The United States aims to promote the expansion of Japanese financial markets by bolstering access to the pension funds market by U.S. investment advisory

firms. To this end, Washington and private U.S. companies are joining hands in pressing Japan to open the market. The American Chamber of Commerce in Japan said in a report released recently: "Regulations on the operation of public pension funds are not beneficial to the Japanese people."

The Ministry of Finance [MOF] is opposed to the U.S. demand. The ministry's Financial Bureau said: "Investment advisory firms give priority to stock management to raise the rate of stock yield. But the government needs to place priority on protecting the asset security of public pension funds. The U.S. demand is unreasonable because the operation of pension funds is also restricted in the United States and only the Treasury Department's Securities Management Service [name as published] has been authorized for the operation." The MOF's International Finance Bureau stressed: "The welfare pension funds market has already been opened to some investment advisory firms."

Meanwhile, the Health and Welfare Ministry has taken a positive stand on opening the pension funds market to foreign access to ensure a high rate of yield. Thus, the issue of opening the market is also likely to be argued when the government compiles the fiscal 1995 budget. Because the liberalization of the market is expected to greatly affect the management of trust banks, the MOF is reluctant to make a hasty decision to open it.

U.S. firms insist that separate licenses for investment advisory and investment trusts increase start-up costs, thus demanding that they be consolidated. They are also calling for easing regulations on the issuance of bonds and international transactions.

In addition to these demands, issues the MOF would find it difficult to deal with have surfaced. They include calls for the MOF to sell all 10-year government bonds through open bidding, not some as it does now, and abolishing an underwriting syndicate composed of banks and securities firms.

Commenting on such U.S. demands, the MOF's Banking Bureau said: "Some demands have been caused by a lack of understanding on the part of the United States, thus they are unreasonable. There are also restrictions in the United States on the establishment of banks' branch offices and on profits earned by securities firms' subsidiaries. We want to fully discuss the United States' demands with them."

The MOF has held back its response to the U.S. demand that the financial service talks be wrapped up by the end of the year. The MOF's International Finance Bureau said: "It is impossible to set deadlines in the framework talks." However, the United States hopes to push the entire framework talks forward by concluding the financial service talks at an early date, and its pressure on Japan is so strong that no one can tell what will happen toward the end of the year.

DA 'Tentatively Decided' To Buy U.S.-Built UX

OW0311130894 Tokyo MAINICHI SHIMBUN in Japanese 30 Oct 94 Morning Edition p 3

[FBIS Translated Text] The Defense Agency [DA] has begun conducting a sweeping reexamination of the way it will select the next-generation multipurpose aircraft (UX) from among foreign-built UXs for the Air Self-Defense Force [ASDF] in response to the allegation that the "process for choosing the UX has not been transparent." On 29 October, a senior DA official noted that the idea is surfacing for increasing the transparency of the process for choosing the UX by setting certain standards, including flight distances, for openly choosing the UX to meet the demands of potential suppliers of the aircraft. According to the same senior DA official, another idea surfacing is that Japan needs to make clear its position on giving priority to the U.S.-built UX out of importance for maintaining joint operations with the United States. It is clear, however, that the latter idea will draw a backlash from the Air Staff Office and non-American aircraft builders and that the DA will have to cautiously deal with the issue of choosing the UX.

The DA presents trading firms and repair companies with operational demands that include flight distance capacities, landings, takeoffs, repairs, and transportation when it chooses a new type of aircraft. In response, the trading firms and repair companies present bids to the DA. Under the current system, the DA examines the offers and then chooses which aircraft suppliers to conclude contracts with.

The DA has never made public its process for choosing a new type of aircraft or the substance of its operational demands, "claiming they are a key element to Japan's defense strategy," (according to the Air Staff Office). This has given the impression that the process for choosing the UX has not been transparent. Since the issue of choosing the UX has arisen, there has been a growing perception that "The DA needs to make efforts to win the people's understanding by making public the process for choosing a new type of aircraft like the UX, which is used exclusively to help train ASDF personnel and transport key government leaders within the scope of not impeding Japan's defense strategy." This view has prompted the DA to start a sweeping reexamination of the way it chooses the UX.

However, according to a top DA official, the consensus within the DA is that "From the standpoint of maintaining joint Japan-U.S. training operations, there will be no problem with the DA choosing a U.S.-built UX and announcing its choice at home and abroad if the U.S.-built UX meets the same standards and costs as UXs built by other nations."

The DA has tentatively decided to choose the U.S.-built UX out of consideration of joint operations. Some members of the "Defense Affairs Council" have proposed conducting joint operations with U.S. Forces

Japan in a broad range of areas including equipment procurement. In this way, the climate has been created for purchasing a UX built by the United States. Nonetheless, many are cautious about purchasing the UX from the United States, insisting that: "The purchase of the UX from the United States may be criticized for unfairly choosing the UX," (according to a senior DA official).

Commenting on the demand for reexamining the way it chooses the UX, the DA said: "It is necessary to examine the problems," (according to the same senior DA official). The DA is exploring the possibility of putting the way it chooses the UX on the agenda for a debate on the review of the Defense Guideline.

Toyota To Stop Exports of Corollas to U.S.

*OW0411081094 Tokyo KYODO in English 0349 GMT
4 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—Toyota Motor Corp. said Friday [4 November] it will stop exporting corolla sedans to the United States and Canada from Japan in the latter half of 1997 and instead boost production capacity at its Canadian factory to take over production of the model.

The move is based on Toyota President Tatsuhiro Toyoda's policy of making the most efficient use of its worldwide production base with the recent strong surge of the yen against the U.S. dollar.

According to the plan, Japan's top automaker will increase the production capacity of Toyota Motor Manufacturing Canada Inc. (TMMC) from the current 85,000 corollas a year to 120,000 units by August 1997. Investment for the project is estimated at 600 million Canadian dollars (450 million U.S. dollars).

Company officials said it will bring Toyota's overall vehicle production capacity in north America to about 900,000 a year by the end of 1997 from the current 530,000 vehicles. They said the project is in line with the company's plan to raise its vehicle production in north America by 50 percent by 1996.

It will also contribute to increasing Toyota's local procurement in North America, they said, adding the plan will add about 1,200 employees to the Canadian plant's current workforce of 1,000. At present, Toyota exports about 60,000 corolla sedans to north America a year from its plant in Aichi Prefecture.

Hashimoto Welcomes U.S. Action To Support Dollar

*OW0411014894 Tokyo KYODO in English 0135 GMT
4 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—Japan welcomes the intervention by the United States in

the currency markets as a way to support the dollar, International Trade and Industry Minister Ryutaro Hashimoto said Friday.

"I think the action indicates the country's strong intention to arrest a further fall in the dollar," Hashimoto told a press conference.

The dollar sank to a postwar global low of 96.11 yen in New York Wednesday, but rallied on the leverage of dollar-buying, yen-selling intervention by the U.S. Federal Reserve.

Hashimoto said he hopes the Japanese monetary authorities will take action in line with the U.S. move, and that he expects "cooperation" between Japan and the U.S. to produce "fruitful results."

"I strongly hope the yen-dollar exchange rate will return to reasonable levels," Hashimoto said.

The dollar opened Friday's Tokyo trading at 97.74 yen and was trading at around 97.70-80 yen early in the morning session.

G-7 Reach Consensus on Foreign Exchange Rates

*OW0411021694 Tokyo KYODO in English 0203 GMT
4 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—Finance Minister Masayoshi Takemura said Friday there is consensus among the Group of Seven (G-7) major industrial nations to cooperate closely on foreign exchange rates.

Takemura made the comment at a news conference after a regular cabinet meeting when asked about the effects of reported concerted dollar-supporting intervention by Japan and the United States.

Takemura declined to comment on market intervention effects.

The Japanese Government has been and will be carefully watching developments in currency rates, keeping in mind international solidarity, Takemura said.

Meanwhile, he admitted a newspaper report that the finance and construction ministries are considering expanding low-interest loans by the government-affiliated Housing Loan Corp., saying, "they are finalizing the issue in such a direction at the working level."

A limit on such loans of 630,000 houses during the current fiscal year has already been filled and applications are quickly increasing, the paper said.

Yen's Rise Said Not Blocking Economic Recovery

*OW0411023994 Tokyo KYODO in English 0222 GMT
4 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—The yen's current level is not blocking the economy's

recovery, although concerns remain over further currency volatility, Japan's top economic planner said Friday.

The economy is moving toward recovery even at the yen's current level, Masahiko Komura, director general of the Economic Planning Agency, said, adding that economic conditions are "not determined only by currency rates."

But the further rise of the yen in recently volatile markets remains a concern lest it dampen the course of recovery, Komura told a press conference after a morning cabinet meeting.

"A close watch is needed on developments" in currency markets, the EPA chief said.

Along with ongoing uncertainty over the direction of the yen, the EPA chief repeated his concerns over the impact on the shaky economic recovery from rising interest rates.

"Low interest rates are desirable," Komura stressed in reiterating his difference with Bank of Japan Governor Yasushi Mieno who recently tolerated a rise in market rates.

Asked if the economy needs fresh fiscal action against this backdrop, Komura said that "additional" measures are not necessary at the moment.

But the EPA chief said he called on other cabinet ministers to consider expanding the government's housing loan program, which is running short in the face of strong demand.

He stressed that buoyant housing spending has been a major factor underpinning the economy, and must be sustained to fan the economic recovery.

Murayama's Talks With China at APEC Previewed

OW0411022994 Tokyo SANKEI SHIMBUN in Japanese 1 Nov 94 Morning Edition p 3

[FBIS Translated Text] On 31 October Prime Minister Tomiichi Murayama firmed up his plans to deal with his first summit meeting with Chinese President Jiang Zemin scheduled to be held in Jakarta, Indonesia on 14 November. At the summit meeting, the prime minister will refer to Japan-China relations, which remain in a difficult situation over the issue of the desired attendance of the Taiwanese president at the Hiroshima Asian Games, and explain to the Chinese president that the Japanese Government will uphold "its one-China policy." During the summit meeting, the prime minister also will express his concern over China's nuclear testing.

Prime Minister Murayama, who will attend an informal summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum, is attaching importance to a series of summit meetings with Chinese President Jiang Zemin

and U.S. President Clinton, emphasizing patching up troubled relations with China. China reacted against a visit by Taiwanese Vice Premier Hsu Li-te to Japan for the purpose of attending the Hiroshima Asian Games, calling his visit an attempt by Japan to "create a two-China policy or an one-China and one-Taiwan policy." The prime minister is attaching importance to the summit meeting with the Chinese leader out of consideration for the backlash from China.

At the summit meeting, the prime minister will assure the Chinese president that "Japan's position of adhering to the Japan-China Joint Statement will not change." A government source said on 31 October that the prime minister will tell the Chinese president that the Japanese Government's view is that "Japan will maintain diplomatic relations with China, while at the same time promoting economic exchanges with Taiwan."

At the summit meeting, the prime minister will stress that Japan will vigorously support China's policy of reform and opening up. In connection with the fourth series of yen-based loans to China that Japan will begin extending in 1996, the prime minister will explain to the Chinese president that Japan must pay full attention to the development and manufacturing of weapons of mass destruction when it decides to provide Official Development Assistance (ODA) under the four principles of the ODA, and then express his concern over China's nuclear testing.

Bank To Offer Loans for Two Russian Projects

OW0411114894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Nov 94 Morning Edition p 5

[By Toshihiko Kaya]

[FBIS Translated Text] The Japan Export-Import Bank [Eximbank] has decided to provide loans to Russia for two major projects. Loans will be provided for a truck factory in Kama (\$150 million for "Impuls," a company converting from military to civilian production in St. Petersburg (\$43 million); the Russian government will guarantee repayment.

There are only a small number of projects that have been guaranteed by the Russian Government in 1994, one of which is the Eximbank loan for building the trans-Siberian communications network. The fact the Russian Government is guaranteeing loans to bring in Japanese capital shows that it gives much importance to Japanese-funded projects in Russian economic reconstruction.

The new Eximbank loan will be part of the \$400 million loan to Russia agreed upon in April 1993. It aims to assist Russian companies undergoing conversion from military to civilian production and privatization, and hopes to contribute to industrial modernization and the recovery of production through this assistance. An agreement is expected to be signed when First Deputy Prime Minister Oleg Soskovets visits Japan in late November.

Russian borrowing from international financial institutions has been strictly controlled in 1994 because of its debt problems. Nevertheless, the Russian Finance Ministry has decided to issue letters of guarantee (LG) for these two projects, and ordered the Foreign Economic Bank to sign a contract with the Japanese Eximbank for the loans.

The Eximbank has asked the Russian Government for a guarantee of repayment to ensure retrieval of the loans. With Russia agreeing to this condition, both sides are in the process of working out the details.

Of the two new loan projects, Kanematsu Corporation will team up with Mitsubishi Heavy Industries, Ltd. to supply the production lines for truck engine parts for the Kama truck factory. The maximum capacity of the factory is 100,000 units each year, 50,000 of which are able to clear European exhaust gas standards. The Kama Plant used to be the biggest Russian production base of trucks in the Urals. However, a fire last year burned down the engine production lines, and production has been virtually suspended.

Impuls is a research and development company for military supplies undergoing the process of converting from military to civilian production. Mitsui and Company, Ltd. will procure production lines for microwave ovens from Hitachi, Ltd. for Impuls.

Financial Circles Call For More Deregulation

*OW0411091394 Tokyo KYODO in English 0853 GMT
4 Nov 94*

[FBIS Transcribed Text] Tokyo, No. 4 KYODO—Japanese financial circles are calling for further deregulation as a way to revitalize the Tokyo markets, financial industry analysts said Friday [4 November].

The calls come against the backdrop of a number of foreign companies pulling out of the Tokyo Stock Exchange and sluggish financial trading, including slow growth in foreign-exchange dealings, which is described as a "hollowing-out" of the industry.

In the case of foreign exchange trading, the Tokyo market posted a 10 percent increase between 1989 and 1992, compared with an increase of more than 50 percent in both the New York and London markets during the same period, according to statistics from the bank for international settlements.

Financial experts blame the poor performance and so-called "hollowing-out" of the financial markets on tight regulations on financial trading. "This is a phenomenon that domestic and foreign market participants are shying away from Tokyo because of high costs and various business practices and regulations rather than the effect of the lingering economic slump," said Atsushi Osaka, chief economist at Asahi Bank.

Faced with the financial flight from Tokyo, regulators and stock exchange operators are moving to relax rules

to lure investors again. For one thing, the Tokyo international financial futures exchange is considering lowering commissions charged on euroyen interest rate futures by 5 to 20 percent so as to remain competitive against foreign exchanges.

As for foreign exchange trading, regulators and parties concerned are seeking 24-hour trading by lifting regulations on trading hours to bring the Tokyo market in line with major foreign markets. But an economist at the Sumitomo Life Research Institute says there are many regulations and trading practices in Japan which are irrational from the viewpoint of foreign institutions. They include the practice under which foreign exchange and call money transactions are conducted via money houses.

Many people in the financial community share the view that the move toward deregulation will not backpedal but say it will take time to see the high costs of financial trading go down.

Trading Firms Demand Deregulation

*OW0411085394 Tokyo KYODO in English 0819 GMT
4 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—A group of major Japanese trading houses urged the government Friday [4 November] to remove or ease regulations on 48 imported food items, group officials said.

The officials said the appeal was made by the Japan foreign trade council, a group of general trading houses, in a report delivered to government ministries and agencies Friday.

The report included a call for easing controls on the maximum permitted level of chemicals in meat and citrus juices and an easing of standard rules for import licensing, they said.

The council said the report was aimed at expanding Japan's imports. The organization made a similar appeal to the government last year, calling for deregulation on electronics equipment.

Current Account Surplus Down 11.2 Percent

*OW0411080894 Tokyo KYODO in English 0727 GMT
4 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—Japan's current account surplus fell an unadjusted 11.2 percent in September from a year earlier for the second straight month of yearly decline, the Finance Ministry said Friday [4 November].

The nation's politically sensitive surplus in trade and services totaled 11.63 billion dollars, the ministry said in a preliminary report. The September unadjusted surplus in trade, the major component of the current account, decreased 3.8 percent to 14.07 billion dollars, with

exports up 8.0 percent to 35.11 billion dollars and imports up 17.7 percent to 21.05 billion dollars.

The unadjusted service trade in September posted a 1.56 billion dollar deficit, up 88.1 percent, the ministry said. The ministry also reported the nation's current account surplus for the April-September period went down 0.7 percent from a year before to 62.92 billion dollars.

The nation's trade surplus in the April-September period increased 2.2 percent from the same half-year period a year earlier to 72.22 billion dollars with exports up 8.0 percent to 190.81 billion dollars and imports up 11.9 percent to 118.59 billion dollars.

Slow Recovery Continues at Smaller Companies

OW0211090594 Tokyo KYODO in English 0613 GMT 2 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 2 KYODO—Japan's smaller companies continued to face a "stand-still in movement toward recovery" for earnings because of a continuing drop in sales prices, Small Business Finance Corp. said Wednesday [2 November] in a monthly survey.

"Sales are starting to widen the rate of decline although earnings are on the uptrend on the whole such as improving profit levels," the government-affiliated financial institution said in analyzing its October survey.

The diffusion index of profits came to a seasonally adjusted minus 6.9 in October compared with minus 6.7 in September and minus 14 in August.

The institution attributed the "moderate" improvement to the continued fall in sales prices.

Against this backdrop, the sales index came to minus 7.1 in October, deteriorating from minus 1.8 in September and minus 6.3 in August.

But the survey showed that the ratio of smaller companies suffering losses fell below 30 percent for the first time since June 1993 to 29.6 percent.

The survey covered 900 smaller companies, with responses obtained from 690 companies, or 76.7 percent, and the diffusion index represents the difference in the percentage of those answering "increase" minus those saying "decline."

The October survey also showed that labor and production capacity at manufacturers remained "strongly excessive."

The production capacity index, or the difference of those answering shortage and excessive, came to minus 19.3, compared with minus 20.3 in September and minus 21.6 in August.

The labor index was at minus 19.4 after posting minus 19.6 in September and 19.1 in August.

Poll Shows Executives See Economic Recovery

OW041111!694 Tokyo KYODO in English 0937 GMT 4 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—Most polled executives from big companies see the domestic economy recovering, a powerful business organization said Friday [4 November] in a report. The Federation of Economic Organizations (Keidanren) said the report was based on a poll of 250 top officials of member companies taken in late October.

Of 160 respondents, 50.7 percent said the economy is on a recovery track, up 30.2 percentage points from the previous survey in June, the federation said. The survey also shows that 56.8 percent said business performances have shown signs of recovery, up 14.6 points over the previous poll, the organization said. Most respondents attributed the upturn to recovery of consumer spending and corporate restructuring, it said.

The federation said 39.3 percent predicted a downturn in capital investment in fiscal 1994 while 27.6 percent saw it leveling off. The figures compared with 40.1 percent and 30.6 percent, respectively, in the previous survey, it said.

Economy Likely To Follow Global Expansion

952A0029A Tokyo EKONOMISUTO in Japanese 27 Sep 94 pp 52-53

[Article by Seiichi Toshi'da, director of the Economic Planning Agency Research Bureau: "Can Japan Ride the Wave of the Favorable World Economy?; Japan's Cooperative Work With Asia Is Producing a Positive Effect"]

[FBIS Translated Text] *An "announcement of recovery" has been made at last regarding Japan's economy. Along with progress in inventory and other adjustments and permeation of cyclical countermeasures, the world economic expansion is producing a positive effect.*

Three Factors in Economic Recovery

In the spring of 1993, a bright move spread temporarily in the Japanese economy, widening the view that "the economy has hit bottom." However, the yen's rise after the summer dashed this expectation. The rate of growth in fell again the October-December quarter, recording minus growth. But this was the result of a drop in foreign demand. Stepping into 1994, a growth of 3.9 percent was registered in the January-March quarter, and a bright move has been spreading since the April-June quarter as well. It can be concluded that the long "Heisei Recession" has ended and the economy is moving toward recovery.

There are three basic factors in bringing about the move toward economic recovery. The first is progress in various domestic adjustments. Inventory adjustment is nearly complete and stock adjustment of durable consumer goods has also ended. It is about time for demand

to emerge for items which people would like to purchase as replacements for their old possessions. The second is the penetration of the effect of policy. Monetary relaxation has promoted housing construction, and financial institutions' bad debt disposal has also begun to make progress. Moves are observable in the fields of construction materials and construction equipment as well, thanks to cumulative effects of public investments. In addition, reductions in income and residential taxes this summer are producing an effect.

The third is the fact that the world economic expansion is gathering momentum. Following the expansion of the U.S. economy, the European economy has also turned toward recovery. The Asian economy is continuing its high growth. As was the case last year, the appreciation of the yen beyond the level of 100 yen to the dollar is being seen, but people think that the appreciation is unlikely to frustrate the economic recovery. Yet, amid measures to cope with the yen's rise, entanglements with the overseas economy, including the industrial hollowing and "price destruction," are showing complicated aspects in the recent economic phase. Let us now look into them from several angles.

First, stepping into 1994, exports began to register an increase, forming a cause for the move toward economic recovery. When we take a look at the movement of export quantities, we will see a large decrease in October-December 1993, a 4.8-percent fall from the same period of the preceding year. However, following a decrease of 2.9 percent in January-March 1994, exports rose by 0.9 percent in April-June, showing a shift toward an increase. Such a shift from decrease to increase in export quantities stems basically from the movement of the yen's exchange rate. The rate of 120 yen to the dollar in the first half of 1993 rose to 100 yen to the dollar in August, thereby bringing about an export decrease in 1993. After that, the yen became weaker until yearend, falling to the 111 yen level in January 1994. This will be the reason behind the export increase since the beginning of 1994. However, the yen became stronger again in the beginning of 1994, rising to the level of 98 yen in July. This higher yen has not yet been reflected much as an export-restraining force. The current increase in exports appears to come from a momentum—stronger than the effect of a higher yen—which the world economic expansion is gathering. This is evident when we look at the growth in the quantities of our exports to various regions. Exports to Asia have increased greatly, while exports to the United States are as much as last year and exports to the EC have sharply decreased, reflecting each region's different speed of growth. The stronger yen since the last year seems to have export-restraining effects on exports to the United States and the EC, but the extent of decrease is smaller than last year.

Such an increase in export quantities is also reflected in shipment statistics in the mining and manufacturing industries. Export shipments registered a 4.8-percent increase in January-March and a 2.1-percent increase in

April-June, exceeding increases in domestic shipments (1.5-percent and 0.3-percent increases for the same periods).

Second, the favorable world economic tone is also exerting a favorable influence on the raising of export prices. Yen-denominated export prices dropped by 6.7 percent in the latter half of 1993 and by 0.3 percent in April-June 1994, showing a sharp decrease in the range of the price fall. Prices on exports to the United States rose by 3.4 percent in April-June, a considerable increase. This shows that the U.S. business upturn is making it easy for Japanese exporters to raise prices in response to the appreciation of the yen. Of course, export enterprises' eagerness to raise their export prices in order to secure profits and avoid suspicion of dumping may also be affecting this trend.

Effects of Import Increase

Third, in the field of imports, an increase in import quantities has been accelerating, thereby blunting the pace of domestic business activities, in contrast to the favorable effect of the world economic expansion through exports. The increase in import quantities has been accelerating, from a 2.2-percent increase in the first half of 1993, to 5.7 percent in the latter half, 8.5 percent in January-March 1994, and 12.5 percent in April-June. Such an increase in import quantities may be said to be the effect of the stronger yen.

The increase in imports, when viewed from a different angle, indicates that increased domestic demand is being filled by imports. When the import increase is compared with the growth of domestic production since the beginning of 1994, we will see the former far exceeding the latter, with imports increasing by 2.5 percent in January-March and by 7.6 percent in April-June as against domestic production increasing by 1.3 percent and 0.3 percent in the same periods.

Nevertheless, the recent import increase contains some factors preventing us from making a definite claim that the increase simply has a negative effect on the economy. It is necessary to additionally look into them from both domestic and external standpoints.

Fourth, in the domestic economic field, an increase in the imports of low-priced goods has two positive effects.

One is a move leading to so-called "price destruction." The inflow of low-priced import goods is providing an opportunity to reform the distribution structure that Japan has maintained. Even in dollar terms, export prices fell by 2.5 percent in the first half of 1994; and in yen terms, they have consecutively dropped by double-digit percents. This fall has affected wholesale and consumer prices, resulting in falling prices. It has expanded real consumption and constitutes a cause to expect a boom in quantity. Another outcome is an increase in the reimport of items produced overseas by Japanese enterprises, as is indicated by a sharp increase in the import of

manufactured goods (a 18.7-percent increase in quantity in the April-June quarter over the same period of last year, particularly a 25.3-percent rise in machines and equipment). This represents an emergence of new globalization designed to create the most suitable international distribution system in order for enterprises to ensure profits in response to the stronger yen. Of course, concerning the increase in the import of manufactured goods, some industries dealing with competing goods suffer from increased imports of the competing products; yet, it is presumed that the increase strongly reflects Japanese enterprises' active measures to cope with the situation.

Fifth, a correlation between Japan's import increase and the overseas economy is enlarging. Japan's import expansion is contributing to each country's economic expansion, and particularly, the increase in its imports from Asia will lead to further development of Asia. According to the Bank of Japan's Tankan survey of short-term business confidence, major enterprises are planning to reduce their domestic investments, but their overseas investments are expected to increase. When we take a look at imports from and exports to Asia, we will see the following sequence: "Increase in overseas production by Japanese enterprises—Increase in exports to Japan—Increase in overseas investments—Increase in exports of capital goods from Japan."

As seen in the above, an aspect of Japan and the world exerting influence upon each other is appearing, and a future image of Asia and Japan continuing development amid progress in the international division of labor has begun to show in the move of the Japanese economy this year.

Securities Industry To Help Brokerage Firms

OW0411112894 Tokyo KYODO in English 0713 GMT 4 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—The securities industry will complete a plan to streamline operations by the end of the year to help reduce costs for brokerages suffering lower profits amid the stock slump, industry sources said Friday [4 November].

The Japan Securities Dealers Association (JSDA) is working with the Tokyo Stock Exchange on plans to cut costs at 13 securities organizations and to integrate those with similar functions, they said. The district offices of the JSDA, including those in Nagoya and Osaka, will also come up with plans of their own to reduce costs by the end of the year.

Under discussion is the integration of the Japan Securities Research Institute and the Conference for Securities Associations. Also under consideration is the lowering of set membership fees that brokerages have to pay to the Tokyo stock exchange in accordance with their stock transaction values.

The membership fees were lowered during the "bubble economy" in the late 1980s, but were later raised as stock trading volume shrank. The Tokyo Stock Exchange, however, burdened with an accumulative loss of 14.6 billion yen as of March, is indicating its unwillingness to go along with the idea, according to stock sources.

MITI Plans To Strengthen Information Industry

Fostering Software Industry

OW0411110694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Nov 94 Morning Edition p 3

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has decided to review policies on the information industry, including computer networks. To shift the focus of information industry policies from hardware development to expansion of the domestic market, MITI is considering a full-scale study of measures to better protect intellectual property rights and assist the software industry. MITI is aiming to reinforce Japan's competitive power in the U.S.-led information industry, by preparing comprehensive policies to encourage computerization of not only the business sector but the entire society.

On 4 November, MITI will open the Basic Issues Subcommittee (chairman: Kenichi Imai) under the Industrial Structure Council Information Industry Division. The subcommittee will thoroughly review conventional policies for the information industry in one to two years, and submit advisory reports as occasion demands.

The policy review is expected to focus on the following: 1) Review of technology development policies for computer-related equipment; 2) assistance to the software industry; 3) reinforcement of policies to protect copyrights, patents, and other intellectual property rights; and 4) prevention of electronic interception of computer networks.

Reviewing Policies

OW0311223094 Tokyo MAINICHI SHIMBUN in Japanese 3 Nov 94 Morning Edition p 11

[FBIS Translated Text] On 2 November, the Ministry of International Trade and Industry [MITI] announced a plan to begin a review of Japan's information and telecommunications-related policies. It will set up a subcommittee (chaired by Kenichi Imai, (U.S. Stanford University professor) under the Industrial Structure Council's Information Industry Division. The subcommittee will discuss fundamental issues and make a proposal in time for the G-7 ministerial-level talks on global information infrastructure to be held next February. MITI has decided to review the policies because of its sense of growing concern over the fact that Japan lags behind the United States in the information and telecommunications field because of a lack of comprehensive policies.

The subcommittee will discuss the following topics: 1) The promotion of industrial computerization; 2) issues concerning multimedia software and other intellectual property rights; security and privacy-protecting measures; 4) role allotment to the government and the private sector to ensure cross-operations between different types of devices and between different systems; and 5) ways to promote international cooperation.

Forms Advisory Group

OW0411101294 Tokyo KYODO in English 1000 GMT
4 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—An expert group was inaugurated at the international trade ministry Friday [4 November] to offer advice concerning the information industry, ministry officials said.

The group is comprised of 15 scholars and computer industry representatives selected by the industrial structure council, a private advisory body to the Minister of International Trade and Industry, the officials said.

The group, known as the Subcommittee on Basic Problems Concerning the Information Industry, will advise the minister on measures to develop the industry in the multimedia age and on problems related to intellectual property.

The panel will also study ways to effectively use technologies and products developed by individual makers, including transmission of information between different systems and marketing of software and services, the officials said. The establishment of facilities jointly used by manufacturers to test their newly developed equipment will also be studied, they said.

Early Formation of New Liberal Party Predicted

OW0411094994 Tokyo KYODO in English 0918 GMT
4 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 4 KYODO—A Social Democratic Party (SDP) [Social Democratic Party of Japan-SDPJ] kingpin predicted Friday [4 November] that a new party of liberals he has been advocating will come into being much earlier than previously expected.

SDP Secretary General Wataru Kubo told a press conference that current political conditions are boosting the chances that the creation of the new party will come very early.

Kubo, the No. 2 person in the SDP which is part of the ruling coalition together with the Liberal Democratic Party (LDP) and New Party Sakigake, said it is a fair bet that the party will be born much earlier than right before the expected local elections next spring. He envisages a new middle-of-the-road party that comprises a wide spectrum of liberal and democratic groups.

Another SDP group led by former party chief Sadao Yamahana also aims to form a new Diet bloc comprising SDP right-wingers and centrists just before the local elections, with a view to setting up a new party eventually.

"We should not be so stuck with debate and procedures within the party that we miss the chance and lose the momentum for the new party," Kubo said. His remarks were interpreted as meaning that he will go ahead with the new party plan even if he fails to obtain unanimous support from his party colleagues.

Pointing to the quandary the SDP has landed itself in by joining the ruling coalition before sorting out its policy lines, Kubo stressed the importance of quick decision making. "If we don't decide when we should, but pay too much attention to party procedures, our party will find itself in real hot water," he said.

On the issue of proposed joint election campaigns with the LDP and Sakigake, a tiny LDP splinter group, Kubo said he is willing to discuss the issue with top officials of the two coalition partners. But he added joint campaigns will be difficult because local political situations do not necessarily fit with agreements among the central party leaderships.

Rengo's Yamagishi Critiques Political Situation

942A0751A Tokyo SHUKAN GENDAI in Japanese 1
Oct 94 pp 170-172

[Article by Akira Yamagishi: "The Last Roar of 'Labor-Boss,' Rengo Chairman Akira Yamagishi: 'Ozawa is a Sadist; the Social Democratic Party of Japan is a Masochist'"; passages in italics are SHUKAN GENDAI-supplied editorial comments]

[FBIS Translated Text] [Boxed item: *Rengo Chairman Akira Yamagishi, who has influenced the political situation as a manipulator of political circles, has announced his retirement. What did he see and hear in the convulsive "drama of realignment of the political landscape" which lasted about 18 months? A boss of labor circles who knows everything there is to know about what goes on behind the scenes in political warfare testifies on the furious feud between the SDPJ and Ichiro Ozawa.*]

The Culprit Who Crushed Reform Is Ozawa!

On 8 September I announced that I would retire from the chairmanship of Rengo for health reasons. It was unexpected, so all sorts of comments were made about it, but my doctor said that he could not take responsibility if I continued beyond this, so it cannot be helped.

Even so, I thought afresh that Prime Minister Murayama has fine qualities as a human being. A telephone call came from the prime minister as soon as NHK broadcast the special news flash that I was retiring from the chairmanship of Rengo. Murayama was kind enough to be concerned about my health problem without the

slightest mention of my retirement. His humanity is so admirable that there is no room for doubt. But with that alone... The world is not so easy to deal with that a person's goodness solves everything.

The coalition brought forth in June by the Liberal Democratic Party [LDP], which is not selective about the means by which it returns to governing power, joining hands with the Social Democratic Party of Japan [SDPJ] and the new party Sakigake [Harbinger], which learned the sweetness of being governing parties, for example, was something that happened by accident. Even if we look at the situation within the SDPJ, at its special convention of 3 September it set forth the policy that, "even while forming a coalition with the LDP, it would marshal social-democratic and liberal forces toward a future realignment," but it is a total contradiction. The agony of the SDPJ executive lies in the fact that, even knowing this, it cannot help but set forth this policy. The political warfare following the collapse of the Miyazawa cabinet and the establishment of the Hosokawa coalition government was a time of violent upheaval which is rarely seen even by me, a person who has continued to carry on union activities. It is certain that one of its nuclei is the SDPJ and another is Ichiro Ozawa. In the final analysis, the feud between Ozawa and the SDPJ was also what produced the current LDP-SDPJ-Sakigake coalition government.

At the June deliberations concerning formation of a government, Rengo proposed to the Hata government that it accept without change the plan for policy deliberation put forth by the SDPJ. Prime Minister Hata could have continued in office if Ozawa had accepted that proposal. But Ozawa wound up rejecting it. Ozawa completely crushed reform and has very heavy responsibility.

When I met with Ozawa in the spring of last year, at the time of the Miyazawa cabinet, we were able to discover a point of agreement in the promotion of political reform. As I recall, I met with him on 20 February. Before that I had met with Ozawa a few times when he was secretary general of the LDP, and had also met him when he supported Hisanori Isomura in the Tokyo gubernatorial election.

However, the spring of last year was the first time we had discussed political reform, including, moreover, such risky talk as breaking up the LDP. On that day he said that he would promote political reform by any means. He said that he was prepared even to split the party in order to do that. This was indeed a reasonable proposal, so I also received it in a positive manner.

Under circumstances, the Diet was dissolved and general elections were held under the Miyazawa government, and the result was harsh for the SDPJ. The SDPJ had 74 Diet seats, which, together with the non-LDP seats was barely a majority. Therefore, at the time I thought that, with things as they were, the LDP would continue to govern. I thought: Well, we lost.

But Ozawa had the fixed idea of creating a non-LDP coalition government at any cost. I talked with him by telephone on 19 July, the day after the official counting of the ballots. At that time he said: "We must, by any means, gain the authority to govern. Therefore, voices recommending Hata have also come from other opposition parties, and Shinseito [Japan Renewal Party] will not necessarily oppose him. Those who chase two hares do not catch even one. I want to wager everything on gaining the authority to govern." To be honest, I sensed tremendous desire.

Actually, on the day for the official counting of ballots I was led about by all the television stations, and at that time also there was a message from Ozawa via the director of Rengo's Political Bureau. It said: "The result of the election may be harsh, but please absolutely do not say that a coalition is impossible or some such thing." Even while thinking to myself that it was harsh, I said grand things in front of the television cameras. As might be expected, that was Ozawa's tenacity of purpose. It is very impressive for a politician to be able to maintain a bullish attitude when driven into a corner like that. I myself thought that the only way to defeat Japan's corrupt plutocracy was to overthrow LDP one-party rule, so I prevailed upon former SDPJ chairman (Makoto) Tanabe, saying: "It is time for you to take the plunge and participate in the coalition." I also telephoned and strongly prevailed upon (Wataru) Kubo, who was vice chairman at that time. Fortunately, Tanabe and Kubo thought the same as I did, so our opinions were in agreement, and ultimately, then chairman (Sadao) Yamahana made the decision to participate in the coalition.

As an incident which symbolizes the honeymoon with Ozawa, there is Yamagishi's statement at a meeting with Tsutomu Hata toward the end of June 1993.

Yamagishi's statement that "Ozawa has completed his political purification regarding the plutocratic nature of the LDP symbolized in the Kanemaru scandal by bearing the risk of leaving the LDP" caused repercussions, such as labor unions reacting fiercely against it and objections to Yamagishi's election to a third term as chairman of Rengo appearing in succession.

But the honeymoon with Ozawa did not last long, either. Beginning with carrying over compilation of the FY94 budget into the new year, there was the upper house rejection in January 1994 of the political reform laws, the failure in February to introduce a national welfare tax, the collapse of a cabinet reshuffle in March, and the unexpected resignation of Prime Minister Hosokawa in April. Finally, before establishment of the Hata government, at a time when failures of the former coalition government were occurring one after the other, such as the SDPJ's desertion of the government in reaction to formation of the "Kaishin" unified parliamentary group, a gulf began to develop between the Yamagishi and Ozawa, and later strengthened even more his reaction against Ozawa.

My break with Ozawa? In the end, the basic cause is that the Hosokawa government became a dual power structure. Shinseito was the only one in the former coalition of seven parties and one group with experience in governing; the rest had no experience at all and did not understand anything. Therefore, from the very beginning, that coalition government was fated to become a dual power structure.

The result was that all sorts of internal contradictions sprouted up less than six months after the government was born. Sources of trouble ended up sprouting in succession: carrying compilation of the budget over to the next year, the problem of the national welfare tax, reshuffling the cabinet, and the problem of the unified parliamentary group. If you make a mistake with one button at the very beginning, it ends up being impossible to remedy later. But to do something like taking an increase in the consumption tax rate, which the SDPJ fiercely opposed, and raising it to 7 percent by merely changing its name to a national welfare tax... Hosokawa is also to blame. He has no consistency.

Does not Ichiro Ozawa have a slight tendency toward sadism? There was no need to torment the SDPJ that much. Whenever anything happened (in the former coalition government) Ozawa hurled unreasonable demands at the SDPJ, and on the SDPJ side, which was the injured party, there is a strong feeling that "We were tormented by Ozawa and Ichikawa. We will not forget this grudge." Well, if we take it that Ozawa is a sadist, the SDPJ also a masochist. Because it made a big fuss about every single thing that Ozawa did, just as though it enjoyed being tormented.

Therefore, when it became a coalition of the LDP, the SDPJ, and Sakigake, while on the one hand there was criticism, even within the SDPJ, to the effect that an LDP-SDPJ coalition was an illicit alliance, there was a mood of: "No, it is better than joining with 'Ichiro Ozawa and Yuichi Ichikawa.'" The tragedy is that this has persuasive power. The very fact that, in general, Japanese politics operates on a coordinate axis of "pro Ichi-Ichi [Ichiro Ozawa and Yuichi Ichikawa] or "anti-Ichi-Ichi" is comical.

Well, I am not saying this because I am retiring, but I want to advise Ozawa that, "Even if I do not go so far as to tell you also to retire, it is better for you to be on good behavior around here."

It Was Necessary To Join Hands With a Demon

The last time I met with Ozawa was on 16 December 1993. I have not met him at all since then. The last time we met I was appealed to by the crowd in Rengo's Political Bureau. I was asked to meet with Ozawa and negotiate with him over compiling the FY94 budget bill before the year ended, so I could not help but meet him.

The Hosokawa government was formed on 6 August 1993, right? I met Ozawa on 13 August, immediately

after that, and the next time was 16 December. I have not met him other than that.

After that, it also happened that, this year, Diet member Akira Fukita of the LDP's Kato group (currently Shinseito) acted as a go-between and tried to bring me and Ozawa together, but Ozawa's side canceled it. Originally the person who acted as go-between arranged it with great care, and, if it had gone as planned, it was arranged for us to meet on 4 March.

But it was just when the other side was in disorder because of reshuffling the cabinet, so they asked for a week's extension. I heard nothing after that. It was a slight breach of etiquette, was it not?

In the end, without further contact, the entire Hosokawa cabinet resigned as a group; after that happened, even if Ozawa had suggested anew that we meet and talk, I would have said: What is he talking about, after he canceled in the first place.

As might be expected, the reason that we did not meet for this long a time is because the atmosphere was mutually unpleasant.

However, if it were from a purely personal standpoint, I would not particularly mind meeting him. When I am bearing the heavy cross of chairman of Rengo, in terms of my position, I couldn't meet him even if I wanted to.

For example, I can say this now, but in the final days of the Hosokawa government a triangular alliance was formed among (Masayoshi) Takemura, (Tomiichi) Murayama, and (Keigo) Ouchi regarding who to make the next prime minister. And when there was discord over who would succeed Hosokawa, Murayama came to me and asked me to attend a meeting of the three, saying it was the wish of the three persons in the triangular alliance. Thereupon I actually visited them twice. In the final analysis, this triangular alliance was working "against Ozawa," so if I visited them, and then on the other hand also met with Ozawa and so on, I would end up being a traitor.

The Sayings of Yamagishi: In the transition period of realigning the political landscape it was also necessary to join hands with a demon. But the one who caused the Hosokawa government to fall (by high-handed ability) is Ozawa, and he bears a heavy responsibility for producing the LDP-SDPJ government by spurning the SDPJ's proposal in the negotiations over forming a government. (28 July 1994, at a debate sponsored by the Japan Association of Managers)

In general, when we look at Ozawa, he is not too skillful in getting along with the media. This could be called his weak point.

Therefore, there is an aspect in which he loses because his image in the media takes on a life of its own. His way of using the media is straightforward and clumsy, so a distorted media image always ends up being emphasized.

Having seen politicians constantly up to now, I give (Yasuhiro) Nakasone a high evaluation in a certain sense. Putting content aside, he possessed a firm world view and clear political principles. He is certainly an uncommon politician.

The problem is the prime ministers who came after him; (Noboru) Takeshita, for example, was unclear, you did not know what he was saying. (Sosuke) Uno disappeared quickly because of a problem over a woman, and (Toshiki) Kaifu had an image resembling a puppet government. With his manner, (Kiichi) Miyazawa got along well with people, but had no leadership.

In that sense, Ozawa possesses a firm world view in the same way as Nakasone. He is an uncommon politician. But the greatest tragedy for him is that there is no politician who can dispute with him on equal terms. Even in golf, if this side has a single-digit handicap and others have a handicap of 40, no one will play against this side. In short, he has no competitor. This is unfortunate both for Ozawa and for Japanese politics.

Articles Analyze Ozawa Background, Style

Keisuke Nakanishi Interviewed

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[Interview with Keisuke Nakanishi, Shinseito Diet member and former Defense Agency director, by Soichiro Tahara: "Close Aide Nakanishi Reveals Truth About 'Ichi-Ichi Line'"; place and date not given]

[FBIS Translated Text] Revolutionary Rather Than Authoritarian

[Tahara] During the final stage of the change of government in June, the majority inclination among the coalition ruling parties was to accept the view of the Social Democratic Party of Japan [SDPJ] in its entirety. However, Ozawa ultimately rejected it. Why?

[Nakanishi] That is an illusion. Of course, an administration could be formed by inducing the SDPJ as a whole, but there was a large shortage of members in the upper house. There was resistance in the upper house even to the political reform bill. Regarding the electoral redistricting bill and the issue of raising the consumption tax which the SDPJ absolutely opposed, resistance far beyond the political reform bill was easily foreseen. Therefore, Ozawa sensed that it was illusory to think that an administration could be maintained by uniting with the entire SDPJ.

If the aim was merely to be in a ruling position, there were a number of options. An administration could be maintained merely by telling the SDPJ that "we will go along with your view," and it would have been happy. However, such an administration would be insignificant. The administration's mission is fulfilled by challenging various difficult themes, and there was an extremely

strong sense among us, centering on Ozawa, that we would betray the people with an administration that defers problems and does nothing.

[Tahara] However, there was also a strong view in Shinseito [Japan Renewal Party] that the administration should be retained. I feel that there is an atmosphere within the party that frank discussions were not feasible either because of Ozawa's prominence or because he is too powerful.

[Nakanishi] No, no, that is not true. There are various theories based on the outcome. Although there is a misconception that Ozawa is an authoritarian, he is a "revolutionary" rather than an authoritarian.

When I served as deputy secretary general and he was secretary general, the Soviet Communist Party and Japan's LDP [Liberal Democratic Party] were powerful enough to be the world's invincible parties. Ozawa was in the seat of authority in such a powerful party. If he were a real authoritarian, he would have remained as secretary general and taken a direction of coveting authority. However, the moment he became secretary general, he stated: "We must demolish such an LDP." Therefore, he is by no means an authoritarian.

Another fact is that, during the selection of a successor to (Toshiki) Kaifu, Chairman (Shin) Kanemaru indicated that the Keiseikai should field a candidate in the general election, and he told Ozawa without hesitation: "Ichiro, you do it." However, Ozawa felt that, because the prime minister's post requires risking one's political life, one should not serve as prime minister without the proper resolve and mental preparation. He absolutely refused to run in the presidential election because he did not wish to bring shame to Kanemaru and the Keiseikai by becoming prime minister willy-nilly, and he almost clashed with Kanemaru.

Jealousies Among Politicians

[Tahara] However, there was criticism by the Keiseikai against Ozawa who had Kanemaru's absolute trust. Particularly Kishiro Nakamura and Kanezo Muraoka, who were aides like you and Ozawa, and Seiroku Kajiyama, a bosom friend, came out openly with their anti-Ozawa emotions and left, saying they could not forgive Ozawa. Why did the aides and allies expose their ire in such a manner?

[Nakanishi] Well, the circumstances....

[Tahara] You should know best, since you were the closest aide.

[Nakanishi] Things turned awry ever since Ozawa made his irreversible decision to push through political reform. It was the beginning (of the split) between the reform faction and the conservative faction.

[Tahara] Rather than political reform, was there not resistance against Ozawa as an individual, or against his political methods?

[Nakanishi] One cannot deny such factors, but the spark-point was political reform.

[Tahara] I cannot believe that they would fight so fiercely over political reform.

[Nakanishi] I often got together with Muraoka in those days and we argued considerably about political reform. Because the problem of the electoral system is an issue that affects a politician's own political life, it is quite serious. Moreover, politicians have strong egos, they have an aspect of jealousy, and they are often misunderstood.

[Tahara] Jealousy!

[Nakanishi] When Ozawa was hospitalized, I was his deputy, so I visited him daily and there were people who criticized me for going alone. Strange misunderstandings do happen. However, political reform is literally a revolution, and strong apprehensions will be held by the pro-status quo faction. It is a fact that relations gradually deteriorated.

Humans Have Defects

[Tahara] There are no doctrines or slogans in the LDP-SDPJ-Sakigake [Harbinger] coalition administration. The only buzzwords it has are "anti-Ozawa" or antipathy to the "Ichi-Ichi line" [Ozawa's alignment with Komeito Secretary General Yuichi Ichikawa]. Both the SDPJ and Sakigake have also teamed up in an effort toward political reform. Then why did they become "anti-Ozawa"?

[Nakanishi] I believe that they were kicked around by the media to a large extent.

[Tahara] No, I believe that the media were made a scapegoat. Both Takemura and Murayama talked directly to Ozawa during their coalition days. It is difficult to understand why they would become "anti-Ichi-Ichi" or "anti-Ozawa."

[Nakanishi] He is criticized as being highhanded and strongarmed or arrogant, but I believe that it is largely a misunderstanding. His image as strongarmed or arrogant stuck during the Tokyo governor election. It was said that he ordered (Shunichi) Suzuki to come to him. At the time, we phoned Suzuki twice and asked to see him, but his schedule did not permit it. He asked the secretary general's convenience and came right over. The media reported that he had told his elder to come to him. I believe that the members of the current ruling parties cleverly used the image to portray Ozawa as arrogant and despicable, and that peace is impossible with Ozawa around.

[Tahara] However, where there is no fire, there can be no smoke. If there is no fire, why is there smoke about Ozawa alone? Why does a tale or myth arise about his strongarm tactics or highhandedness?

[Nakanishi] He does have an aspect of excessive power, excessive foresight, as well as the aspect of a revolutionary.

[Tahara] That alone does not explain everything. Frankly, I believe that Ozawa has his shortcomings.

[Nakanishi] Well, he is a human, after all.

[Tahara] What are his shortcomings?

[Nakanishi] He is somewhat shy around strangers. He also studies extremely hard about important issues and comes to his own conclusions which are like convictions, whether it concerns the tax system or national security. He skips the middle parts and states only the conclusions, so he is labeled as being somewhat dictatorial. This could be a factor for being misunderstood. In addition, he sometimes stands pat and says that those who do not understand do not have to understand. He is frank and straightforward. However, he does self-reflect about this aspect.

Truths and Falsehoods About the "Ichi-Ichi Line"

[Tahara] I believe that the current administration is a coalition based on the "anti-Ichi-Ichi line." What does "Ichi-Ichi" stand for?

[Nakanishi] There are both false images and true images. For example, one person said that "during the debate over the 'people's welfare tax,' Ozawa and Ichikawa used steamroller tactics," so we had the following exchange. "People from your party also attended the party delegates conference. Did you hear the details?" "It was written up that way by the newspapers." "Their interpretation was totally wrong."

Both the SDPJ and Sakigake were totally involved in the talks on the people's welfare tax concept. It was decided that no one could deny the conclusion that the only way was to revise the ratio between the direct and indirect taxes and to spread them out thinly and widely. That was the conclusion adopted at the conference. However, there was a strong demand from particularly two parties to keep secret the fact that it was decided at the conference. Whether to actually adopt it should be left to the prime minister's discretion. Asked whether they agreed, the two parties said "yes" and it was taken to the prime minister. Prime Minister (Morihiro) Hosokawa replied that it was the only way, and he made the decision.

The media wanted to report it in the morning edition, so we were asked for a press conference in the middle of the night. The next day, an article criticized us cynically for holding a press conference during the night, and it was also reported in the TV news.

[Tahara] I heard that the SDPJ had thought they had time to take the prime minister's statement home to discuss it within the party. However, an increase to 7 percent was a foregone conclusion, which made debate

impossible, and they felt that it was a broken promise. Therefore, the talk apparently turned to the arbitrariness of the "Ichi-Ichi line."

[Nakanishi] That is incorrect. The reason is that the SDPJ cannot logically refute the "Ichi-Ichi" duo. First, there is the people's agreement that an additional debt cannot be left to posterity. However, if it is 6 percent, the debt will rise. At 8 percent, the burden will drop, but the hike increase will be high. There is a basis for deciding on 7 percent. In blaming it on the "Ichi-Ichi line," the fact is that, instead of faulting their own lack of responsibility and common sense, they criticized the logical viewpoint of Ozawa and Ichikawa as highhanded and impulsive.

On the other hand, it was Ozawa who proposed at the second or third meeting after the delegates conference was launched that, "given the various criticisms, let us conduct the conference openly before the public by letting the TV cameras in." It was flatly rejected by one party. This is a fact. Ozawa wanted to do it openly by letting in the TV and newspaper reporters. That is why he probably felt frustrated. It is a gross misunderstanding to say that he took the initiative and railroaded it through.

"I Do Not Fear Misunderstandings"

[Tahara] Nonetheless, the foremost question about Ozawa is why he declined the candidacy for the presidential election. He has subsequently refused to appear in the forefront. The question is why he does not attempt to become the leader.

[Nakanishi] I believe that this is also due to the self-image he has in his mind. As you know, a cabinet member is confined within a system and cannot express his thoughts freely. It is more so in the case of a prime minister. Ozawa was able to bring political reform this far because he was the secretary general. His pet phrases are: "It is the secretary general who can do the actual work" and "I can quit anytime, now that I have served as secretary general. I do not have any desire to serve as prime minister." If I asked him, "Although you say so, you are a politician and, if the demands of the times call on you to serve as prime minister, you cannot refuse, can you?" He would reply, "It will never come to that. I do not want to serve."

[Tahara] Why does he hate to be (prime minister)?

[Nakanishi] While an upheaval is actually going on in Japan's politics, he is probably the type to feel that it is more challenging in his present position as a politician.

[Tahara] However, when Ozawa works behind the scenes, there is talk of a two-tiered power structure.

[Nakanishi] He is resigned to his fate. He says: "I do not mind being criticized for the double structure, because I am not doing anything wrong."

[Tahara] That is the problem. He wants to work in the background because he wishes to act freely instead of

confronting various problems by being in the forefront. This can be interpreted to mean that he has something to hide.

[Nakanishi] He is not in the least afraid of misunderstandings.

[Tahara] However, the "anti-Ozawa" movement served as a springboard for the formation of the present LDP-SDPJ coalition administration.

[Nakanishi] The "illegitimate" administration was born without the people's consensus and without working out a basic policy, but merely with a thirst for power. I believe that it is truly a monopoly of Japan's politics. A long-term reign by such an administration must absolutely be prevented. Therefore, we must form a new party with a coordinated doctrine and policy as soon as possible to present a choice between the "illegitimate" administration and our new party with a coordinated policy. This is our duty to the people. The present situation, on the other hand, is a chance in the sense that such an opportunity has been precipitated.

Slow Action May Result in an Ozawa New Party

[Tahara] Incidentally, will the "Ichi-Ichi line" also play an important role in the formation of the new-new party?

[Nakanishi] I think so. I do not believe it can be formed without the two.

[Tahara] Are they so powerful?

[Nakanishi] They make a good combination. Ichikawa is quite a theoretician, and his line of thinking hits it off well.

When someone displays leadership, he is bound to meet resistance. Even Ichikawa stated that he "wanted to crawl into a shell," so he must have felt somewhat sensitive to criticism. However, one must take time to debate thoroughly if one wishes to implement something without facing resistance. To do so, I believe the two must show their astuteness.

[Tahara] It is necessary to win votes from the electorate in order to be elected. In order to obtain a single vote, Ozawa's present reputation becomes a negative factor.

[Nakanishi] Of course it is necessary to try to eliminate the negative factors of one's reputation and to expand the positive factors as much as possible.

[Tahara] Perhaps it is time Ozawa stepped out in front and became a leader.

[Nakanishi] Quite a number of junior members of the reform promotion council in the old coalition hold the view that, if things move too slowly, they should form an Ozawa New Party.

[Tahara] Assuming that a new party is formed, who will become the party's representative? For the moment,

there are three possibilities—Kaifu, (Tsutomu) Hata, and Hosokawa. Who is the best choice?

[Nakanishi] If I may inject my personal preference, I would prefer to have Hata serve a while longer.

[Tahara] However, if the three are balanced and a choice is difficult, could you not speak up and say: "Let us go with Ozawa?"

[Nakanishi] I would prefer to keep him as a final trump card.

[Tahara] Which means that there is a possibility of Ichiro Ozawa appearing up front?

[Nakanishi] He is a politician and, in such an environment, he would make up his mind to become prime minister. Nonetheless, it is a fact that, rather than become prime minister, he feels that he could better serve in a position like secretary general.

Soichiro Tahara's Comments After the Interview

"Why is Ichiro Ozawa disliked?" For example, when a politician is in the midst of a busy schedule and some one asks to see him due to unavoidable circumstances, the politician would usually curse his luck, but would let the visitor into his office and show him the maximum cordiality on facing him. However, Ozawa never does that. He would refuse the visit, saying that he does not have the time. His reason would be that it is unfair to the person with an earlier appointment who is waiting to see Ozawa.

Or, when speaking with party members about a certain problem or with an outsider, he would skip the details and launch immediately into the conclusion, saying: "This is my opinion." Although Nakanishi described it as frank and straightforward, it could be construed as pushy and highhanded to the person on the receiving end.

In any case, what is the nature of the raw antagonism toward Ichiro Ozawa by the anti-Ozawa faction of the former Keiseikai. "It would take all night over drinks to explain," says Nakanishi with a deeply furrowed brow.

Shinseito's Aino Critical of Ozawa

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[Article by Koichiro Aino, Shinseito permanent secretary and former Economic Planning Agency director general]

[Text] "Reform" Was a Major Faux Pas After All

On 18 August Shinseito [Japan Renewal Party], based on self-reflection of its past, implemented organizational reform to promote democratization of party operations. It newly established a party advisory conference and increased the number of permanent secretaries from five

to 12. At the same time, it approved the reinstatement of (Ichiro) Ozawa, who had submitted his resignation as secretary general.

I myself was appointed one of the permanent secretaries, and this personnel move was carried out according to theory. Until now, many of the party cadres became members of the cabinet or chairmen of the Diet's permanent committees and were away from party operations. As a result, Ozawa had to make judgments and implement policies by himself. This was a factor in causing a variety of problems.

The handling of personnel affairs is well received by the other parties, and they are all in agreement. Perhaps the so-called "anti-Ozawa allergy" has eased. In fact, (Keisuke) Nakanishi is perhaps the only close Ozawa associate among the permanent secretaries.

Although Ozawa stated that "there is no procedural fault" regarding the formation of the "Kaishin" group, it was decided by only four permanent secretaries, thus creating a furor. Whereupon approval after the fact was sought the next day in the secretarial committee. This cannot be construed as following normal procedure. Moreover, (former DSP chairman Keigo) Ouchi is said to be the central figure in forming "Kaishin," but I still believe that it was really Ozawa. Ozawa probably had in mind the circumstances surrounding the liberalization of the rice market and the enactment of the political reform act, and did not dream that the SDPJ would drop out of the administration. I believe that he was ecstatically thinking that the SDPJ would ultimately act according to his bidding. I still have not changed my conviction that the formation of "Kaishin" was a major failure.

Why He Cannot Trust His Colleagues

Ozawa seems to be abundantly overconfident. As a graduate student at Nihon University, he immediately jumped into politics, became a protege of (Kakuei) Tanaka, and was always in the center of administration. He therefore seems to think that he is capable of anything.

Even when the political reform bill was defeated in the upper house, Chairman Okuda of the Diet steering committee saved the situation at a meeting with (LDP President Yohei) Kono and (then Prime Minister Morihiro) Hosokawa arranged by Speaker Doi. At the time, the "Ichi-Ichi line" [Ozawa's alignment with Komeito Secretary General Yuichi Ichikawa] was attempting to split the LDP-SDPJ alliance with a frontal assault. However, in calm retrospect, there was no possibility of a major rupture between the LDP and the SDPJ at the time. It was clearly possible for them to hold an election under the medium district system, and consequently the former coalition ruling parties had little chance for victory. Therefore, a split with a major impact on the situation was hardly conceivable. Despite efforts by Okuda and us to steer a cautious course, the Ichi-Ichi tactics made a beeline advance.

The circumstances were similar in backing (former Prime Minister Toshiki) Kaifu. It was about 1500 on 29 June when we heard the news. The gap was only 50-100 votes, so victory was possible if the pipelines of the Diet members were used for "nemawashi" [spadework] vis-a-vis the LDP and SDPJ. At the last moment, however, when there was no more time, they said they would back Kaifu. Perhaps they thought it would be crushed if the information were leaked. It was extremely difficult to understand why they did not act by trusting their colleagues.

The first statement by (former Home Affairs Minister Akira) Fukita, who became a permanent secretary a step earlier in May, was: "Ozawa is a person who never does any spadework." It indicates Ozawa's arbitrary behavior.

Ever since the "Kaishin" uproar, Ozawa has been self-reflecting, but it is far from adequate.

His statement during his trip to the United States that "a new-new party will be formed in September" is typical. Although there were several views among the old coalition ruling parties, he tried to push his own ideas. He seems to arrogantly think: "I am always right, so follow me." However, democracy does not entail meek obedience to a single person.

Therefore, I held a press conference and reminded them that "Ozawa is not forming a new-new party." Whereupon Fukita and (administrative secretary Hajime) Funada remarked on TV that "we want Ozawa to be more restrained." I believe that it is very good for Ozawa's sake that such statements are being made. In addition, the other party members will be put at ease. It must be made clear to him that Shinseito is not Ozawa's private party.

Recultivation of Ozawa

Although I have said some harsh things about Ozawa, I have extremely high respect for Ozawa as a politician. For example, compared to (former LDP Vice President Shin) Kanemaru, he is very knowledgeable about policy. (Former Prime Minister Noboru) Takeshita is skillful in spadework and bottom-up policy, but Ozawa has the ability to innovate his own unique policies. He devises sharp tactics that are beyond the imagination of others. Such talent should be respected. He has the quality to serve in a principal role in politics.

The Murayama administration has decided to dispatch Self-Defense Forces [SDF] troops to Rwanda, but even this is an extension of the international contributions stressed by Ozawa. The direction of Ozawa's thinking is not wrong and, judging from the fact that politics is actually approaching a two major party system in form, it may be said to have approached Ozawa's contention.

Therefore, although my remarks may anger Ozawa, I believe that we should recultivate Ozawa. He has been backed by Tanaka, Takeshita, and Kanemaru and has

played his role under their protection. However, ever since he has acted on his own, it has been a series of faux pas. First of all, he should not anger someone like me, a gentleman and a sincere man who is called "Aino, the saint," by the other LDP members. Compared with Tanaka, Takeshita, and Kanemaru, he is still a minor and invites rejection by others.

It is necessary for him to understand why his former aides like Kishiro Nakamura and Kanezo Muraoka no longer call him "Ozawa-san," but drop the honorific since the split within the Keiseikai.

The first aspect that should be changed is respect for the organization. He often says: "I have no fault" and "I have never made decisions by myself or made arbitrary decisions." However, when seen in the light of conventional wisdom, he has committed opinionated acts which run contrary to his statements. He must first become aware of it. When he was reinstated as chief representative, he was warned by Hata, Kozo Watanabe, and Okuda to "not to spurt ahead and do things," and he appeared to acquiesce. However, we must watch whether he can really keep his word.

Cannot Serve in Principal Role Without Change

I am also concerned that, externally, because of his overemphasis on relations with the United States, he lacks awareness of Asia—particularly China. I believe that, despite the end of the U.S.-Soviet confrontational structure, whether it concerns problems in Asia or the Mideast or Russia, he does not understand that relations between China and the United States are a major focal point. He must study more.

The immediate political task is how to skillfully form the new-new party. Fortunately, it is progressing smoothly with three former prime ministers planning to formulate the outline and to establish a drafting committee. In the process, only Shinseito has experience among the opposition and is able to take over the leadership. That is why it implemented organizational reform, displayed self-reflection, and sought a fresh start. It informed the public that it is no longer a party that is led by Ichiro Ozawa alone.

It is also recultivating Ozawa, Funada, and (former Defense Agency Director General Kazuo) Aichi as the party's "royalty." If Ozawa does not change, he can never assume the principal role. I believe it is necessary for him to reorient himself from the standpoint of human stature and to grow as a leader that can put everyone at ease.

[Box, p. 68]

Koichiro Aino: Former Economic Planning Agency director. Known as a close aide of former Transportation Minister Keiwa Okuda who distances himself from Secretary General Ozawa within Shinseito. During the furor over the sudden formation of the unified "Kaishin" group when the Hata administration was born, and

immediately following the separation by the SDPJ from the coalition administration, Aino aroused criticism by stating: "That was a major faux pas by Ozawa." Later, Aino apologized, saying, "Perhaps I overstated." However, Ozawa reportedly refused to forgive him, shouting, "Your impression was wrong. There was no procedural fault on my part. There is no sense in apologizing unless you correct your mistaken impression." In fact, Aino was deprived of his post as chief director of the ruling parties in the lower house steering committee.

Subsequently, a critical force against Ozawa's preemptory actions, centering on Okuda and Aino, gradually strengthened its voice within Shinseito. Following the demise of the Hata administration and its fall to an opposition party, denunciations of Ozawa's tactics burst out into the open. [end box]

Ozawa's Background Outlined

942A0704C Tokyo GENDAI in Japanese Oct 94 pp 72-73

[Text] Date of birth: 24 May 1942.

Parents, sisters: Father: Saeki. Served as Tokyo municipal assemblyman and Tokyo prefectural assemblyman before the war. After the war, ran in the lower house election from Iwate Prefecture and served successively as transportation minister and posts and telecommunications minister. Died in office in 1968. Mother: Michi. Fourth daughter of Gisuke Araki, speaker of Chiba prefectural assembly. Sisters: Sumiko (10 years older) and Noriko (two years older). Both adopted from different parents.

Origin of name: Was originally named 'Ichi' by father Saeki, but mother Michi added 'ro' when reporting to registrar's office.

Family unit: Wife Kazuko (50), oldest son Issei (19), second son Fumiaki (17), third son Shinya (15). Ozawa had planned to wed the young owner of a famous Japanese restaurant in Nagata-cho, but was opposed by Kakuei Tanaka. After an arranged meeting, he married the oldest daughter of Tadashi Fukuda, president of Fukuda-Gumi, a construction firm in Niigata where Tanaka had worked as a youth. Susumu Nikaido was go-between at his wedding on 29 October 1973, which was attended by Tanaka as proxy parent. Later, Ozawa told reporters on his beat, as if talking to himself: "You cannot marry at will for love, because the couple is surrounded by many people. You cannot be happy unless you can also love the bride's family and relatives."

Education: Advanced from Mizusawa Primary School to Mizusawa City Tokiwa Middle School (present Higashi Mizusawa Middle School). In his third year, he transferred to the Sixth Middle School in Bunkyo Ward, Tokyo. Applied for Tokyo University of Education (present Tsukuba University) auxiliary middle school, but failed. Entered Koishikawa City High School. Applied for Tokyo University, hoping to become a

lawyer, but failed. The following year, he failed in the exam for Kyoto University. Entered Keio University (economics) and graduated in five years. Advanced to Nihon University graduate school and took bar exam, but failed in secondary exam. His father, Saeki, died on 8 May 1968. He gave up goal to be a lawyer to succeed his father.

Entrance to politics: Elected to lower house on 27 December 1969 election on first attempt with top votes. Set record as youngest Diet member at the age of 27 years. As a candidate, visited Kakuei Tanaka (then LDP secretary general) at his home in Mejiro, Tokyo. The same age as Tanaka's deceased oldest son, he was favored by Tanaka and received his full backing.

Political career: Started out as member of education committee. He was the first to ask questions in the Diet concerning the Japan Private Education Promotion Association; after that, he never again stood for interpellations in the Diet.

Ozawa started in the Education zoku in the Diet; then, after serving as parliamentary vice minister for science and technology and parliamentary vice minister for construction, he was appointed LDP Executive Council chairman. The following year, as de facto manager in charge of elections, he took leadership in three elections: the unified regional election, the first upper house election based on the parallel representation system, and the lower house election. In October that year, Kakuei Tanaka was sentenced to four years in 1st Lockheed trial. Ozawa attended all hearings for seven years since the first trial hearing.

In the Takeshita cabinet installed in 1987, Ozawa worked to introduce the consumption tax as deputy chief cabinet secretary with a reputation as the de facto chief cabinet secretary. However, his career as a cabinet member was limited to about seven months as home affairs minister in the second Nakasone cabinet in 1985.

In August 1989, due to problems re the Recruit scandal, the consumption tax and Prime Minister Sosuke Uno's sex scandal, the LDP suffered a major defeat in the upper house election, and the Kaifu cabinet was born. Ozawa was nominated by Shin Kanemaru (then chairman of the Takeshita faction) and became LDP secretary general. At 47 years and two months of age, he was the second-youngest secretary general, after Kakuei Tanaka's record of 47 years and one month.

Favorite food and restaurants: Loves sushi. Often eats at "Kiku Sushi" in Takanawa near the Diet dormitory. Favorites are whitefish, octopus, and squid. Avoids oily food for health reasons and rarely eats meat. Also frequents "Hokkai-en," a Chinese restaurant in Nishi Azabu. He has eaten here several times this year with members of the Japan New Party. One says he threatened them that "a new-new party will be formed. There are other candidates beside you in your districts. I advise you to consider your future course of action now."

Drinking: Fond of Japanese sake. He serves himself to keep track of drinking. Since his illness, he limits himself to three bottles, but once he begins drinking, often loses self-restraint. He never falls into a stupor, but when geishas are there, he sometimes grabs their hands and kisses their cheeks.

Karaoke: Favorite songs are *Return to Pusan*, *Northern Nocturne*, and *Tree-Lined Avenue of Life*. With a live band, sings *Blue Wolf*, a song modeled on Genghis Khan in the novel of the same title by Yasushi Inoue. A phrase goes: "Trust me, Do as I tell you."

Hobbies: Go [Japanese chess] and golf. His golf score is 40 for nine holes. His drives are not long, but makes few misshots.

Unusual friends: He became friends with Yuko Kimura, Nippon TV announcer, through a station executive. He was seen drinking with her at several parties. She attended his birthday party this year. He is also friendly with Hiroshi Ikushima, an entertainer.

Heroes: Takamori Saigo and Toshimichi Okubo. He often says: "As a person, I like Saigo. However, as a politician who is not swayed by emotion, thinks for his country despite criticisms and achieves his goals, I admire Okubo." He likes to read historical novels about the late Tokugawa period and the Roman Empire. He tells reporters on his beat: "You can understand politics by reading novels without reading difficult books."

Strong language: When he was secretary general, he remarked about the emperor's statement during South Korean President No Tae-u's visit to Japan as follows: "We are self-reflecting (about the invasion during the war), and are therefore cooperating economically. Asking us to apologize in addition is to tell us to get on our hands and knees." He recently raised a furor when forming the 'Kaishin' group by saying: "What woman I sleep with is my business."

Scandals: Donations received by his support society from the Recruit Co., and the affiliation of his chief secretary with Recruit-linked firm were disclosed. Also, during the general contractor scandals, receipt of a donation of 5 million yen from Kajima, a major contractor, was disclosed. Although it was pointed out that the money could not be processed within the framework of the political fund control act, Ozawa testified that he "processed it under an appropriate act." He avoided explanation of procedures, saying, "I am not bound to make it public." The murkiness of his fund-raising has not been cleared.

Regarding female companionship, nothing definite has emerged. He reportedly said: "I will tell for 200 million yen." It apparently means "if you guarantee my livelihood and hers after the scandal is exposed, I will tell you."

Criticism From Bureaucrats Described

942A0704D Tokyo GENDAI in Japanese Oct 94 pp 74-79

[Text] Toward the end of the previous Diet session, when the old coalition ruling parties showed a trend toward reconciliation, with the Social Democratic Party of Japan [SDPJ] fully acceding to its demands, a Liberal Democratic Party [LDP] executive who was leaning toward a tripartite LDP-SDPJ-Sakigake [Harbinger] coalition worried that, "If the coalition sets up (SDPJ Chairman Tomiichi) Murayama as the prime minister, it would be the same as our side and we will not be able to tell the difference."

In response, Masayoshi Takemura of Sakigake reportedly remarked, "Do you know that we are absolutely anti-Ozawa? That is the difference."

The anti-Ozawa alliance bore fruit and the Murayama administration based on the LDP-SDPJ-Sakigake alignment was born. The SDPJ, which made a comeback as a ruling party, erased the previous SDPJ traits in rapid succession and, because it abandoned the argument of the unconstitutionality of the Self-Defense Forces [SDF], there was no longer any basic difference between the ruling parties and the opposition. Consequently, it appears that the only salient difference between the new and old coalitions is whether or not they are anti-Ozawa.

In reflecting on the past year, it was Ichiro Ozawa, Shinseito [Japan Renewal Party] secretary general, who always led the ever-changing political drama. His impact has naturally extended to the Kasumigaseki bureaucrats.

How do they evaluate the politician named Ichiro Ozawa who created these circumstances, and how do they intend to deal with them?

We asked some 20 career bureaucrats to reveal their true thoughts concerning Ichiro Ozawa. To begin with some rather conclusive points, many junior bureaucrats in their thirties praised Ozawa, while the older cadres were increasingly cautious toward him and distanced themselves in their comments.

Let us first discuss the expectations of Ozawa held by the bureaucrats. A deputy division director in the Finance Ministry (Minister's Secretariat) remarked as follows:

"Mr. Ozawa is like Beat Takeshi [an entertainer]. He is popular because he tells the truth. The reason there are many Ozawa fans among the junior bureaucrats is because of our awareness that the nation will hit a dead end without system reform. Ozawa speaks for such an awareness. When giant waves approach us, the politicians would normally step aside to avoid them, but Ozawa faces them head on and tries to break through. It is quite impressive. However, he is probably an eyesore for the older bureaucrats who are interested in protecting their vested authority."

Not a few bureaucrats consider him to be dependable.

"Ichiro Ozawa makes it easy for us to give lectures. He understands our purposes instantly and when we go to give a lecture, he puts in a phone call to our target audience. We feel that our explanations are worthwhile. There is criticism about his methods, but tactics are used in the world of politics to push through policies one believes are correct, and we believe the numbers theory is an extremely democratic process. Although Finance Minister (Masayoshi) Takemura puts himself in the position of the weak and takes advantage by currying sympathy, we bureaucrats consider Mr. Ozawa to be our true ally" (a deputy division director of the Ministry of Posts and Telecommunications Broadcast Administration Bureau).

He is known to stand out among today's politicians in terms of understanding the need for reform, and urges a movement with serious concern for Japan's future. He is also known for his keen mind and dependability.

Comparison With Ryutaro Hashimoto

Speaking of his sharp mind, MITI Minister Ryutaro Hashimoto, a rival who was renowned with Ozawa as "Ichi and Ryu" during their membership together in the LDP, does not take a back seat. However, the major difference between Hashimoto and Ozawa is in their attitudes toward the bureaucrats, as was pointed out by a Ministry of Finance [MOF] Budget Bureau executive. Hashimoto is a "policy shark" who has the acuity to read a bureaucrat's mind completely before the latter finishes his spiel. However, his manner is also arrogant.

"When I went to see him, he often said: 'What, is that all you came for?' From the bureaucrat's standpoint, Mr. Hashimoto is the most disliked type of politician. Conversely, Mr. Ozawa is very humble and says, 'I want you to explain everything from the beginning.' When I explain, he keeps nodding 'Yes, yes,' and tries hard to understand. He is popular within the MOF as 'the dependable Ichi-chan.'"

Similar opinions are expressed by the division chiefs of the Education Ministry. From the major politicians on Ozawa's level, barbs are usually heard on the pretext of petitions. Ozawa is a "gentleman" who never does that. Conversely, Hashimoto frequently does it. Also, there was a recent move to nominate Atsuko Toyama, director of the Higher Education Bureau, as administrative vice minister (she eventually became director of the Agency for Cultural Affairs). At the time, Hashimoto's idea was cosmetic, saying: "It is time we had a female administrative vice minister." However, Ozawa reportedly did not consider her just because she was a woman.

It seems certain that the politician named Ozawa is not simply a dreaded lion as viewed by the public, but one who has the ability to properly use both rough and soft methods.

Praise of Ozawa is heard from every ministry, but it is the bureaucrats of the Defense Agency who hold the highest regard for Ozawa.

"We regard him as a politician who never ingratiates himself with the public, but resolutely faces the world. He is somewhat rough when speaking about national security, but the intent is straightforward and realistic."

The deputy division director of the Defense Agency who spoke thus declares that, even today when Shinseito has become an opposition party, the bureaucrats "consult equally with Ozawa and the Prime Minister's Residence" about pending problems of the Defense Agency. He says that Ozawa is "the most important person for the Defense Agency," which reaches the point of ardent admiration.

"This may cause a problem, but now that Mr. Ozawa is separated from the administration, I wish that North Korea's missiles would drop into the Sea of Japan. Unless something like that happens, the Defense Agency will always remain unrecognized by the public. Under the present LDP-SDPJ-Sakigake troika pro-Constitution administration, it will be a repetition of sterile debate. Although Ozawa is considered to lack common sense, he represents common sense from the standpoint of international society."

The executive says with pride that, when he had dinner with Ozawa, he heard the following remark by Ozawa.

"The Defense Agency has first-rate information and is required to respond more swiftly and accurately than any other agency. It must be treated as a second prime minister's office, so to speak."

It does not sound like lip service to the Defense Agency which stays in the shadows. It is apparently Ozawa's true sentiment. A similar opinion was frequently heard within the Ministry of Foreign Affairs [MOFA] from the standpoint of security.

Reality of Kasumigaseki Control

Ozawa's control of Kasumigaseki is progressing steadily, and there are many sympathetic groups. For example, in the Ministry of Construction [MOC], ever since 1976 when Ozawa was the parliamentary vice minister, there has been a study group (National Land Construction Study Group) centered on Ozawa. With Shigeo Kondo, deputy director of the Roads Bureau and a classmate at Koishikawa City High School as the nucleus, members include Deputy Vice Minister Takuo Mochizuki and Director Kuniyoshi Ono of the Construction Economy Bureau.

In the multimedia industry, which reportedly will grow into a 120 trillion yen market in the 21st century, Ozawa's influence is steadily rising in the Ministry of Posts and Telecommunications [MPT], which has supervisory authority.

"With the handling of U.S.-Japan telecommunications talks by Ozawa as a peg, a study group called the 'Ichi no kai' was formed. The cadres of the Communications Policy Bureau, the Telecommunications Policy Bureau,

and the Broadcast Administration Bureau, called the 'three policy bureaus,' form the core. Akimasa Egawa, director of the Broadcast Administration Bur, serves as the chief of the Secretariat, and administrative vice minister Haruki Matsuno is also a member" (MPT Communications Policy Bureau executive).

Today, Ozawa's major target is said to be the Ministry of Health and Welfare [MHW] which is controlled by his political rival, Ryutaro Hashimoto.

"The MHW is uncharted territory for Mr. Ozawa. However, with the entry into Shinseito by Tatsuo Ozawa, a major welfare zoku figure, he is using Tatsuo Ozawa to break down the Hashimoto bastion. The votes held by the MFW are huge, including the Medical Association, the Bereaved Families Association, and other welfare organizations, and donations alone make an enormous difference" (an MHW division chief).

However, more than any other agency, the MOF is the focal point of Kasumigaseki control. As everyone knows, Ozawa has invincible control over the Budget Bureau, which is the nucleus of the MOF. Masayoshi Takemura, the champion of the anti-Ozawa faction, is the finance minister, but there is a paper in the Budget Bureau with a scenario targeting Takemura. The paper reportedly describes "how to state the MOF's direction without passing real information to Takemura." As Japan's most elite agency, it astutely pays attention to the LDP, but alongside such MOF veterans as Noboru Takeshita, Ryutaro Hashimoto, and Michio Watanabe, Ichiro Ozawa is the only 'key MOF person' from the opposition" (aforementioned deputy division director of the Secretariat).

"In Effect, His Ideas Are Mere Ideas"

Ozawa thus appears to be in solid control of the Kasumigaseki bureaucrats, but, as was mentioned before, he is not necessarily well received among the veterans. During the old coalition administration (then) MITI Minister Hiroshi Kumagai who was considered to be a close associate of Ozawa fired Masahisa Naito, Industrial Policy Bureau chief, causing an uproar within the ministry. The following comment was made.

"I recognize the need for reform, but Ozawa's tactics are too much. It is said that politics controls administration, but to do it by intervening in personnel matters is ignoring the rules. I believe that the role of Ozawa and Shinsesito has ended. The LDP and SDPJ have already changed, and something like 'an Ozawa line without Ozawa' is established in politics. Ozawa's leadership is no longer necessary" (MITI official).

There is also deep-rooted criticism that the content of his pet slogan of "reform" is ambiguous. His blunt manner of speaking may be popular, but some say that the content is inaccurate. The MITI division chief declares that "bureaucrats do not take Ozawa seriously," and explains as follows.

"For example, regarding the decentralization of power which he proposed in his *Blueprint for Building a New Japan*, the form it should take is nebulous, and there are no conclusions about the method of appointing top managers or the method of reflecting the people's will. His ideas are admittedly interesting, but the ideas are merely ideas. His *Blueprint for Building a New Japan* is not debated among the bureaucrats because it is a 'meaningless' proposal as a theory of law or procedure. Some point out that his proposal of a vice ministers system is unconstitutional from the standpoint of separation of the three branches of government. Such ideas are not even taken seriously by the bureaucrats."

Amateur Sense Ignores Realities

The idea of a vice ministers system is extremely unpopular. A Construction Ministry official remarks as follows.

"His idea is that bureaucrats should be performing administrative duties, or should be policy secretaries for the politicians. However, regardless of changes in government or appointments of ministers, we must provide continuity to given policies. I believe that, if we do as he says, the neutrality and continuity of administration will be damaged."

Many criticize him for putting on appearances without knowledge of the pains taken by those on the job.

"Although we are trying to indicate that we took pains in 'deciding willy-nilly' on rice liberalization, Ozawa points to principles that even children can understand, in that 'there is no reason why Japan with its benefits from free trade should ban only rice.' He completely ignores past processes and the spadework done by the government officials, and makes himself look good. It is something everyone understands, but various steps must be taken. Yet, in his home district, he declares: 'I am not a proponent of rice liberalization'" (an official of the Ministry of Agriculture, Forestry, and Fisheries [MAFF]).

An executive of the MOFA North America Bureau feels that Ozawa's conceit concerning his "absolute ability" could lead to unforeseen damage on the diplomatic front.

"When he went to the Soviet Union about the northern territories issue, he negotiated on the basis of an economic aid list which he had some MITI bureaucrats draft and information provided by a private citizen considered an expert on Soviet affairs, but it failed. At the time, he failed to confirm such basics as Gorbachev's power relations with the government and the parliament, and conducted amateur diplomacy without taking along the 'brains' who could negotiate without MOFA. Ozawa's argument was that 'they will trust us more if direct contacts are made by those with the political clout to implement domestically the promises made overseas.' However, he does not have the know-how or information to conduct diplomacy without MOFA."

Emotional Ideas Stand Out

The impression that he is self-righteous exists among the bureaucrats also. Moreover, this tendency has become more pronounced since he suffered a heart ailment three years ago.

"He tends to rush to conclusions and is impatient. To anyone who accepts his proposal and subsequently reports that 'I find it difficult,' he admonishes: 'Do not come anymore.' For example, the Tax Bureau is extremely careful about tax collection, and bureau chief Ogawa does not readily agree with Ozawa's proposals and sometimes makes excuses. He was shunned for that reason. In contrast, administrative vice minister Jiro Saito, who is deeply trusted by Ozawa, always says, 'I will try to do it.'"

This is testimony by a Tax Bureau official. Particularly since two years ago, Ozawa's emotional outbursts became noticeable, such as "he lied to me" or "he betrayed me." Bureau chief Ogawa tried to meet Ozawa but failed, and he wrote a letter that went unanswered. Eventually, he was able to meet Ozawa through the mediation of Chief Secretary Takeshi Komura who is said to be Vice Minister Saito's protege, and since then has always made appointments through Komura.

It seems certain that Ozawa is impatiently trying to realize his ideas as if driven by some force. Such a posture goes against the disposition of many conservative bureaucrats.

"He is certainly a terrific person, but also a fearful man. One never knows what he might do if opinions differ with him. Because changes of governments will become a normal state in the future, we should not lean toward any specific party or politician, but maintain a neutral position which is our inherent posture as bureaucrats" (a deputy division director of MITI's Trade Policy Bureau).

It is true that, having experienced two changes in government in one year, Kasumigaseki is trying to maintain neutrality in its relations with politicians. However, it is also a fact that the confused political situation is elevating the relative position of the bureaucrats. For example, the bureau chiefs and the councilor class at the MOF did the spadework during the LDP administrations. However, with the increase in parties as experienced ruling parties, it is no longer possible to distinguish the explanations by the ruling and opposition parties. For that reason, the division directors are now making the rounds of the parties, which decreases the duties of the bureau directors. The strong position of the bureaucrats is thus evident.

While Ozawa seeks reform of the state structure, support and cooperation from a great number of bureaucrats are indispensable to accomplish his goals. His battle with the tough bureaucrats has just begun.

Ozawa Politician 'Type' Analyzed

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[Article by Motohiko Izawa, writer: "Ozawa, the Historically 'Disliked Type'"]

[Text] Five Unpopular Politicians

The man named Ichiro Ozawa is the type of politician who is disliked by the average Japanese.

The established labels tagged on Ozawa are "high-handed," "arbitrary and self-centered," and "a plotter." However, he himself is extremely high-spirited and aggressive about the formation of the "new-new party." Ozawa is apparently unfazed by public criticism. Or, he may feel it unnecessary to be concerned because he is confident of his political convictions.

Nonetheless, he may drown his cares in nocturnal drinking, wondering: "Why I am so unpopular?"

Feeling somewhat sorry for him, let us analyze historically why the Japanese dislike the Ozawa type.

Historically limiting the scope to politicians, there are five politicians of the "Ozawa type." They are Kiyomori Taira, Yoshimitsu Ashikaga, Nobunaga Oda, Naosuke Ii and Toshimichi Okubo. All were great politicians who left their marks on Japan's history with illustrious achievements. However, except for Nobunaga, they have absolutely no popularity. To list their achievements, Kiyomori paved the way to samurai politics, while Yoshimitsu unified the Northern and Southern Dynasties and ended the age of feudal wars. Also, Nobunaga completely destroyed the corrupt politics and economic structure which had troubled the Japanese people since the Middle Ages and opened the way to new progress. Naosuke Ii brought an end to the isolationist policy that had continued for more than two centuries, and opened Japan to the West. And Toshimichi Okubo was a distinguished statesman during the Meiji Restoration period who brought great progress to Japan—then a second-class nation—by establishing a modern bureaucratic system.

The court called "history" will ultimately judge whether Ozawa can be compared to these "great figures." However, he can at least be considered to be the same type of politician.

For example, when Nobunaga appeared on the scene, the people were troubled by the "corruption" of the "Middle Ages." People could not even sell or buy goods freely because the right to sell most commercial goods was monopolized by groups called "za" [guilds] and severe penalties were meted out for unregulated sales, let alone underselling. Even travel was not freely allowed. The *daimyo* [feudal lords] built toll gates where they were unnecessary, and travelers were charged toll taxes. Naturally, taxes were levied on goods in transport, free

commercial activity was regulated, and the costs were transferred to the consumers.

Nobunaga dealt with the situation by establishing "rakuichi" [market-relief] and "rakuza" [guild relief]. What were they? In effect, they represented "deregulation" or "abolition of regulations," and were symbols of "free trade." In other words, Nobunaga totally abolished the "food control law," the "large-scale retail store control law," and the "car inspection law" of those times and encouraged activation of the market principle. Of course, the consumers welcomed it, but it angered those who adhered to the corrupt system like parasites, and it developed into an encirclement network around Nobunaga.

However, the moment Nobunaga gained victory, he was assassinated at Honnoji Temple.

There is probably debate as to whether Naosuke Ii was the "benefactor for the opening of Japan." Nonetheless, opening up was an inevitable path for Japan at the time. Of course, there was major domestic resistance. Naosuke pushed it through with his "strongarm" tactics and "arbitrary decisions," but he was immediately assassinated.

The urgent task for Toshimichi Okubo was to build Japan into a strong and affluent nation equal to the Western powers. He conceived a plan to select the elite from a broad spectrum of the people and led the elite (bureaucrats) in guiding the "ignorant" people.

It was an epochal and effective system at the time. After all, Japan had lagged far behind the advanced nations both in its educational level and GNP. It was the only way to narrow the gap.

Ironically, the "bureaucracy" troubling Japan today was built by Toshimichi Okubo. Japan's "government" likes to lead its industries, and it may be considered as an aftereffect. The effective system of the previous era has become a typical example of a "yoke."

Toshimichi Okubo's achievement may be paraphrased as "the establishment of a framework for Japan as a modern state." However, it included a military draft system. In the premodern age, the military was a privileged class and there was no concept of a national army. To create a national army meant the "samurai class was no longer necessary." The policy resulted in fierce resistance by the samurai class and it led to his assassination.

Result of "Highhandedness" Is a Tragic End

These five politicians merely implemented what someone had to decide and implement by going with the flow of the times. However, their fates were invariably tragic.

Although Kiyomori Taira died from illness, it is recorded that he died in agony from pyrexia. Even though it was not a fact, such a fate was believed to be

natural for him. Yoshimitsu Ashikaga was also believed officially to have died of illness, but I believe he too was assassinated.

As for Nobunaga, Naosuke and Toshimichi, they were unmistakably victims of assassination.

While Nobunaga has become popular recently, he was far less popular than Hideyoshi Toyotomi in the old days. These five men were all rather "disliked persons."

How would the five respond to the labels: "strongarm" or "arbitrary" or "plotter"? Perhaps they would respond as follows.

"We could not help it because they were absolutely opposed to our plan for reform. 'Plotting' was necessary to outmaneuver such people and to push reform. Of course, if the plan were leaked, it would be crushed. It is inevitable to be branded as highhanded in order to overcome the opposition."

It is difficult to say whether it really applies in the case of Ozawa, but at least in the cases of Nobunaga, Naosuke, and Toshimichi, it is unmistakable historical fact.

Meanwhile, there were groups that reaped huge profits based on the traditional system. At times when the happiness of the entire nation or the people could be achieved only by crushing these groups amid the flow of the times, these men used "highhanded" means to accomplish their goals.

However, the society and the people, who should have benefited from it, thoroughly disliked these politicians. They literally removed the men from society through assassination. This is a major trait of Japan which is unequalled in other nations.

Japanese Principle Continues From Ancient Times

Why is this?

The answer is found in the criticism of Ozawa. Ozawa's methods are often said to be "undemocratic." "Undemocratic" means in effect that there is no "consultation."

The Japanese race is extremely fond of "consultation."

They believe that it is most correct to settle matters through consultation.

In fact, this consultation for consultation's sake can be traced back to ancient times. Prince Shotoku stated in the 17-article Constitution, Article 1, that "wa" [harmony] must be respected. Harmony is achieved through consultation. Article 1 continues as follows.

"Do not resist willfully. This must be the basic attitude. However, people tend to be factional, and few people adopt a broadminded outlook. Therefore, they disobey their lords and fathers, or they fight with their neighbors. If both the people at the top and below soften and consult on friendly terms, matters will naturally fall into

place, and nothing will be impossible to achieve" (from *Prince Shotoku*, edited by Hajime Nakamura and published by Chuo Koronsha).

The final Article 17 states as follows.

"One must not decide important matters alone. They should always be debated with many people. (lines skipped) In debating important matters, there is the possibility of mistakes. Therefore, if they are debated by many and the pros and cons are ironed out, they will follow reason" (quote from aforementioned book).

Nothing is impossible to achieve if it is based on "consultation." Nothing should be decided by anyone alone. Always "consult" with others. This is the Japanese principle which is most strongly emphasized by Prince Shotoku in the 17-article constitution.

How Long Should "Harmony" Be Observed?

However, this is merely a "principle." There are actually innumerable matters that cannot be settled through "consultation."

Particularly in a period of change, people with vested interests will absolutely refuse to relinquish them. That is why, unless politicians with "power" and a "strong arm" appear, the situation will not improve. However, the Japanese do not attempt to recognize the achievements by such politicians, but thoroughly dislike them and eventually "assassinate" them.

The reason is that the Japanese are believers in "consultation" or "harmony." They thoroughly dislike the "destroyers of harmony" because "harmony" is the highest principle.

Reform means to "destroy harmony," because it changes the status quo. It is simple to say "administrative reform," which means in short to "lay off government workers and reduce their numbers. Where in the world are there people who would respond to "consultation" in order to lay themselves off? Ozawa's desire to seek powerful authority is therefore understandable.

In any case, one thing that can definitely be said is that the time has come for the Japanese to reexamine their posture of absolute "harmony."

As long as they stress "harmony," drastic reform will be impossible.

North Korea

Paper Denounces 'Eagle 94' Military Exercises

SK0411050994 Pyongyang KCNA in English 0459 GMT 4 Nov 94

[FBIS Transcribed Text] Pyongyang, November 4 (KCNA)—NODONG SINMUN today comments on the military exercises codenamed "Eagle 94" against the North which began in South Korea on November 1.

Pointing out that the "Eagle 94" poses a greater danger because it is a war game against the North which is different only in name from the "Team Spirit" joint military exercises that they promised to stop, an analyst of the paper says:

The start of the "Eagle 94" involving huge U.S. Forces and the South Korean puppet army and civilian Armed Forces diametrically runs counter to the spirit of the agreed framework between the DPRK and the United States, and it is an open challenge to the unanimous desire of the Korean people and the peace-loving people of the world.

It is, no doubt, an offspring of the premeditated and deliberate moves of the conservative forces in the U.S. military and the South Korean puppets who dislike the DPRK-U.S. agreed framework and try to put a spoke in its implementation.

The situation of the Korean peninsula where signs of detente were in sight with the publication of the DPRK-U.S. agreed framework is turning back to the aggravation of tension and confrontation owing to the "Eagle 94". This is not beneficial to the North and the South of Korea and the United States.

The warmaniacs, the provocateurs, will be held wholly responsible for all the consequences arising from the war game against the North.

Called 'Large-Scale War Exercise'

SK0411050294 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 3 Nov 94

[Commentary by Yun Pyong-son: "Those Who Are Fond of Fire Cannot Be Safe"]

[FBIS Translated Text] As has already been reported, the Kim Yong-sam puppet clique in South Korea has been colluding with outside forces to frantically wage a large-scale war exercise aimed at northward aggression under the name Foal Eagle 94 since 1 November.

Foal Eagle 94—a large-scale joint military exercise involving the majority of U.S. troops in South Korea, and the puppet forces and reserve forces—will reportedly be staged until 7 November. The exercise is by itself a test nuclear war and a preliminary war in nature and purposes, and a provocative and adventurous war of aggression which is not much different from Team Spirit. The rascals have merely changed the name of the exercise.

This is a premeditated and deliberate provocation to break a climate of detente and peace on the Korean peninsula which has resulted from the DPRK-U.S. agreed framework and to drive the situation on the Korean peninsula to a phase of confrontation and war. The people at home and abroad cannot suppress their anger against the rascals' criminal war maneuvers and are bitterly denouncing this.

On 2 November, the Committee for the Peaceful Reunification of the Fatherland sternly denounced the Eagle Foal 94 joint military exercise, branding it as a deliberate act to bar the implementation of the DPRK-U.S. agreed framework and drive the situation on the Korean peninsula to a phase of confrontation and tension, and a malicious challenge to the desire of our nation and the world's peace-loving people who hope for peace.

As is known, the publication of the DPRK-U.S. framework of agreement has brought a climate of detente and peace to the Korean peninsula and evoked warm welcome and support from the people at home and abroad. At a time like this, the Kim Yong-sam group, in league with outside forces, is staging a large-scale exercise of a war of northward aggression. This is a grave provocation that can never be justified with anything and that is clear to everyone what it is aiming for.

The rascals are attempting to realize its ambition of northward aggression by driving the situation on the Korean peninsula to a phase of confrontation and war, not to peace and detente.

Reunification by prevailing over communism is an invariable ambition of the Kim Yong-sam group. Most recently, Kim Yong-sam openly babbled that reunifying the country under a liberal and democratic system is his dream and goal and that liberty and democracy are the basic philosophy of reunification. It is needless to say that the Foal Eagle-94 war exercise racket stems from the rascal's ambition to realize reunification by prevailing over communism.

Traitor Kim Yong-sam has revealed to the whole world his villainous color to further darken the climate for North-South dialogue, detente, and cooperation, and break dialogue with the war exercise racket.

With a reckless playing with a fire, the Kim Yong-sam group has thrown a wet blanket on the implementation of the DPRK-U.S. talks which is put on the order of the day and has deliberately driven the situation to a phase of war. It should be held totally responsible for this.

The current situation shows that if the Kim Yong-sam group—which is only interested in pursuing a showdown, war, and its ambition of realizing reunification by prevailing over the North, not in national reconciliation and unity, dialogue, and reunification—is left intact, our nation can never evade the catastrophe of war. Only when he steps down will we be able to smoothly realize national reconciliation, and peaceful reunification of the country.

The Kim Yong-sam regime should at once put away its anachronistic playing with fire as the rascals have nothing to gain from this. If anything, it will only gain bitter defeat and destruction. Those who are fond of fire can never be safe.

ROK, U.S. Reportedly Hold 'Air War Exercises'

*SK0411104894 Pyongyang KCNA in English 1031
GMT 4 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 4 (KCNA)—The South Korean puppets and the U.S. imperialist warmaniacs on November 1 and 2 staged one more round of air war exercises against the North by massively mobilizing 40 overseas-based fighter-bombers and carrier-based planes and 750 fighter planes of various types belonging to the U.S. Seventh Airforce and the puppet airforce, military sources said.

In another development, the South Korean puppets on November 2 deployed tanks and armoured vehicles in Inje County, and 100 armed bandits for action in Chorwon County, South Korean Kangwon Province.

Earlier, on November 1, they brought 15 Army trucks fully loaded with ammunitions and war supplies into the Kanhwa County, Kyonggi Province, and swiftly deployed 105 mm artillery group and armed bandits of the puppet army in Chorwon County, South Korean Kangwon Province, and in Paju County, Kyonggi Province, to fire 470 artillery shells and 2,400 bullets of large calibre-machine guns and automatic rifles.

If the South Korean puppets continue along the road of confrontation and war, defying the North's repeated warnings, they will be held fully responsible for all the consequences arising therefrom.

'Grave Military Provocations'

*SK0311232194 Pyongyang KCNA in English 2237
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—The South Korean puppets committed grave military provocations against the North in the Demilitarized Zone (DMZ) on November 1 and 2, military sources said.

During the couple of days, puppet army bandits armed with 90 mm recoilless guns and large-calibre machine guns intruded into the DMZ south of the Military Demarcation Line in Komsa-ri, Chorwon County, in the central sector of the front and in Kwijon-ri, Changpung County, and Taeyong-ri, Panmun County, in the western sector of the front and into the DMZ in Chokko-ri, Chung subcounty, Yonchon County, and took a firing posture against civil police posts of the North side.

Other groups of armed bandits went about, firing arms at random and creating a grisly war atmosphere in the DMZ south of the Military Demarcation Line in Taeyong-ri and Tongchang-ri, Panmun County, in the western sector of the front and in Yonghyon-ri and Kundong-ri, Kimhwa County, in the central sector of the front and Ipho-ri, Kumgang County, in the eastern sector of the front.

The military provocations, which coincided with the Eagle 94 joint military exercise of the U.S. imperialists and the South Korean puppets and the Shield war exercise of the puppets, were a premeditated action to lead the situation on the Korean peninsula to confrontation and war.

Envoys Hold News Conference on Accord With U.S.

SK0411053694 Pyongyang Korean Central Broadcasting Network in Korean 0309 GMT 1 Nov 94

[FBIS Translated Text] Our country's ambassadors to Cuba, Congo, Vietnam, Zimbabwe, and Portugal held news conferences on 25 and 26 October on the adoption of the framework agreement between the DPRK and the United States.

Portraits of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il were hung in front of meeting places. The news conferences were participated in by reporters of newspapers, news agencies, and broadcasting services of each country mentioned above.

At first, the ambassadors explained in detail the specific items of the DPRK-U.S. framework agreement, the nature of the nuclear issue, and the peaceful purposes of our nuclear activities.

The ambassadors stressed that the DPRK-U.S. framework agreement is a historic document that elucidates specific methods to resolve the nuclear issue on the Korean peninsula, and that includes both DPRK and U.S. commitments to implement what each of them must do, as well as a landmark for resolving the nuclear issue.

They stated: Because the agreement is an important document, the heads [kukka suban] of the two countries guaranteed [pojung] it, and U.S.A. President Clinton sent a letter to the dear Comrade Kim Chong-il, supreme leader of the DPRK, assuring the provision of light-water reactors and alternate energy.

They said they positively assess [kungjongjoguro pyongga] the agreement because it fully reflects our just position and the proposals we initiated [chudongjok palgidul] for resolving the nuclear issue.

They also said they expect that the United States will show the most sincere attitude in implementing the agreement, as it has already promised, in accord with our sincerity.

The ambassadors then answered reporters' questions.

Foreign Officials Urge 'Honest' Accord Adoption

SK0311234494 Pyongyang KCNA in English 2216 GMT 3 Nov 94

[All names as received]

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—Demand for an honest implementation of the agreed framework signed between the Democratic People's Republic of Korea and the United States for a solution to the nuclear issue of the Korean peninsula is voiced in different countries.

The spokesman for the Foreign Ministry of India, at a weekly news briefing on October 25, hailed the agreed framework adopted between the DPRK and the U.S., which cleared the way for a solution to the nuclear issue of the Korean peninsula. "This is a diplomatic victory of the DPRK as well as a victory of the third world," he declared.

He hoped that the agreed framework would be helpful to easing the tension on the Korean peninsula and removing apprehensions of its surrounding countries.

Mukulumanya Wa N'gate Zenda, vice-minister of foreign Affairs of Zaire, said in a statement on October 26 the DPRK-U.S. talks proved that peaceful dialogue and negotiation are more realistic and effective than threat or pressure by armed forces in settling disputes.

Pierre Welo Ahondju Ewale, chairman of the Zaire-Korea Friendship Association, in a statement on October 26, strongly urged the United States to honestly implement the provisions of the agreed framework with no political strings attached.

Earlier, secretary general of the Ghana-DPRK Friendship Association E.G. Williams said in a statement the world's peaceloving people hope for a full implementation of the DPRK-U.S. agreed framework so that the so-called "nuclear issue" might disappear finally and a new chapter be opened in the guarantee for peace on the Korean peninsula and the improvement of the DPRK-U.S. relations.

Groups Urge Repatriation of Unconverted Prisoners

SK0311234394 Pyongyang KCNA in English 2233 GMT 3 Nov 94

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—The Central Committee of the Union of Agricultural Working People of Korea in a statement on November 3 demands that the South Korean authorities and Red Cross unconditionally and immediately repatriate unconverted long-term prisoners to the northern half of the country where their families and relatives live, instead of putting up absurd pretexts which can win nobody's sympathy.

The statement says that old Kim In-so, Ham Se-hwan and Kim Yong-tae, though they were prisoners of war, were kept in prison in South Korea for more than 30 years and, after their release, have virtually been under house arrest as objects of watch under the "law on supervision for public peace," barred from returning as they wish to their hometowns where their flesh and blood are waiting for them.

This is a typical violation of human rights seriously contradicting the idea of humanitarianism and wholly going against the provisions of the Korean Armistice Agreement on the repatriation of POWs and the international law, the statement notes, and pungently denounces the inhuman and anti-national crimes of the Kim Yong-sam group in the name of all the agricultural working people in the Northern half of the country.

The statement further says:

"The South Korean authorities are persecuting the unconverted long-term prisoners who should have been returned to the North long ago either in view of their demand or in view of the international law and the idea of humanitarianism. This fact alone is enough to prove to what extent the human rights violation has gone in South Korea.

"If the South Korean authorities and Red Cross keep them in South Korea, refusing to return them to the North, they will face stronger denunciation and rejection at home and abroad and will never be able to evade their responsibility for the consequences arising therefrom.

Ministry Supports UN Resolution on Cuban Issue

SK0411120494 Pyongyang Korean Central Broadcasting Network in Korean 1110 GMT 4 Nov 94

[Statement issued by DPRK Foreign Ministry spokesman in Pyongyang on 4 November—read by announcer]

[FBIS Translated Text] A spokesman for the DPRK Foreign Ministry issued a statement on 4 November regarding the resolution calling for the lifting of the U.S. economic, trade, and financial blockade adopted at the 49th UN General Assembly.

A DPRK Foreign Ministry spokesman's statement says:

Some time ago, a resolution calling for the lifting of the U.S. economic, trade, and financial blockade against Cuba was adopted with the approval of an overwhelming majority at the 49th UN General Assembly.

This is not only a victory of the Cuban people but a common victory of the progressive people throughout the world.

That the resolution sponsored by Cuba was adopted again at the current UN General Assembly fully reflects the demand of the times and the desire of the people to bring an end to all forms of pressure and blockade.

The economic blockade against Cuba fundamentally contradicts the provisions of international law on respecting the sovereignty of an independent state and the right of the people to live.

We hold that the resolution calling for the lifting of the economic blockade against Cuba is carried out as soon as possible.

The Government of our Republic and the Korean people support the Cuban Government's and its people's sincere efforts to lift the economic blockade through dialogue and negotiations.

We, as we did in the past, will as ever express firm solidarity with the Cuban people in their just cause to keep the socialist principle and to defend the revolutionary gains.

[Dated] 4 November 1994, Pyongyang

KCNA Version of Statement on Cuba

SK0411112394 Pyongyang KCNA in English 1114 GMT 4 Nov 94

["DPRK Government and People Support Cuban Government and People, FM Spokesman"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 4 (KCNA)—The DPRK Government and the Korean people support the sincere efforts of the Cuban Government and people to have the economic blockade lifted through dialogue and negotiation, declares a spokesman for the Foreign Ministry of the Democratic People's Republic of Korea (DPRK) in a statement issued today.

The statement says:

A resolution calling for lifting U.S. economic, trade and financial blockade against Cuba was adopted with the approval of an overwhelming majority at the 49th session of the United Nations General Assembly some time ago.

This is not only a victory of the Cuban people but a common victory of the progressive people of the world.

That the resolution sponsored by Cuba was adopted again at the current session of the U.N. General Assembly fully reflects the demand of the times and the desire of the people for an end to all forms of pressure and blockade.

The economic blockade against Cuba, by nature, contradicts the provisions of international law on respecting the sovereignty of an independent state and the right of the people to existence.

We hold that the resolution on lifting the economic blockade against Cuba must be carried into effect as soon as possible.

We will as ever express firm solidarity with the Cuban people in their just cause of holding fast to the principles of socialism and defending the gains of the revolution.

Kim Chong-il Sends Gift to Cuban Poultry Factory

SK0411054194 Pyongyang KCNA in English 0455 GMT 4 Nov 94

[FBIS Transcribed Text] Pyongyang, November 4 (KCNA)—Dear Comrade Kim Chong-il, the great leader of our party and people, sent a gift to Cuba.

A ceremony for conveying the gift was held at the Poultry Equipment Production Factory in Havana Province on November 1.

Speeches were made at the ceremony.

Omar director of the General Poultry Bureau, Cruz Trujillo, said in his speech that the gift sent by Comrade Kim Chong-il is a symbol of friendship and solidarity between Cuba and Korea.

"The history of friendship between the parties and governments of the two countries has been developed by comrades Kim Il-song and Fidel Castro, the great leaders," he said.

He expressed the belief that the friendship between the two countries will be strengthened and developed still further by the energetic activities of the sagacious leader Comrade Kim Chong-il.

A letter to Comrade Kim Chong-il was adopted at the ceremony.

DFRF Delegates Return From PRC Visit 1 Nov

*SK0411051694 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 1 Nov 94*

[FBIS Translated Text] A delegation of the Central Committee of the Democratic Front for the Reunification of the Fatherland of Korea [DFRF] led by Chairman Chong Tu-hwan returned home on 1 November by train after winding up its visit to China.

Welcomed at the airport by Yom Taek-chun, chairman of the DFRF Central Committee, and Qiao Zonghuai, PRC ambassador to our country.

KPA Goodwill Delegation Returns From PRC

*SK0411051394 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 1 Nov 94*

[FBIS Translated Text] A good-will observation delegation of the Korean People's Army [KPA], led by KPA General O Ryong-pang, returned home by train on 1 November after concluding its visit to the PRC.

Welcoming the delegation at Pyongyang Station were (Pak Sung-hun), lieutenant general of the KPA; other generals and officers of the KPA; and a military attache of the PRC Embassy in our country.

Central News Agency Delegation Departs for PRC

*SK0311234194 Pyongyang KCNA in English 2240
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—A delegation of the Korean Central News Agency [KCNA] headed by Vice General Director Pak Hyon-kyu left here today for a visit to China.

The delegation was seen off at Pyongyang railway station by vice general director of the KCNA Han Song-pok and a councillor of the Chinese Embassy in Pyongyang.

SPA Chairman Yang Meets Yugoslav Ambassador

*SK0311235294 Pyongyang KCNA in English 2241
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—Yang Hyong-sop, chairman of the Supreme People's Assembly [SPA], today met and had a talk with Yugoslav Ambassador to Korea Ljubomir Ojukic who paid a courtesy call on him at the Mansudae Assembly Hall.

Commercial Councillors Corps Visits Tangun Tomb

*SK0411110294 Pyongyang KCNA in English 1035
GMT 4 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 4 (KCNA)—The economic and commercial councillors corps in Pyongyang visited the tomb of King Tangun on Thursday.

The visitors were briefed on the fact that the respected leader President Kim Il-song found out King Tangun as the ancestral father of the nation and took care that the tomb of the ancestral father was reconstructed flawlessly so that the long history of the country and the resourcefulness of the nation could be handed down through generations with a sense of pride.

After going round the tomb, Evgeny Bilim [name as received], Russian trade representative and head of the corps, said that the tomb of King Tangun is a grand edifice which was reconstructed on the initiative of the great leader Comrade Kim Il-song.

"Seeing the tomb, not only the Korean people but also foreigners will get a better knowledge of the noble feats performed by President Kim Il-song," he said.

Oscar Quintero, councillor of the Cuban Embassy in Pyongyang, said that respected Comrade Kim Il-song who added shine to the national history spanning five thousand years for the country and people was, indeed, the great leader of the people.

Korea will prosper further under the wise guidance of the dear leader Comrade Kim Chong-il who is successfully carrying forward the intention of the great leader in his lifetime.

Kim Chong-il's 'Socialism Is Science' Featured

*SK0411114994 Pyongyang KCNA in English 1110
GMT 4 Nov 94*

["Comrade Kim Chong-il Publishes Treatise 'Socialism Is Science'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 4 (KCNA)—The great leader of our party and people Comrade Kim Chong-il published the treatise "Socialism Is Science" on November 1, 1994.

In the preface, Comrade Kim Chong-il declares that although socialism has suffered a setback in some countries, it still remains alive in the hearts of the people as science.

He says:

The imperialists and reactionaries are vociferating about the "end of socialism" over the occurrences in some countries which had been building socialism.

The renegades of socialism are trying to defend their despicable perfidy, contending that the idea of socialism itself is mistaken. Truth, however, cannot be concealed nor be struck out.

The collapse of socialism in some countries does not mean a failure of socialism as science but the bankruptcy of opportunism which has degenerated socialism. Though socialism has gone through temporarily painful turns and twists owing to opportunism, it is sure to revive and win in the end for its scientific accuracy and truth.

In the first part of the treatise, Comrade Kim Chong-il says socialism is the idea and revolutionary banner of the popular masses who fight for their independence.

He continues:

The people's independence can be realised by socialism and communism. It is a historical conclusion of the development of human society that if the people's independence is to be achieved, the society based on individualism must be transformed into socialism and communism, a society based on collectivism.

To be active in a social collective is the mode of existence of man, and man's demand for independence can be met satisfactorily only through collectivism. That is why socialist and communist society, a society based on collectivism, is the most advanced society conforming to man's intrinsic nature of independence.

Today the renegades of socialism with an illusion about capitalism are raising the clamor of restoring capitalism, pinning their hopes on "aid" and "cooperation" from imperialism. History shows that pinning hopes on "good will" and "class cooperation" of the exploiting classes leads to the ruin of the revolution.

Socialist society develops in reliance on the creative ingenuity of the popular masses equipped with a high sense of ideological consciousness and united into one.

In socialist society human-remoulding, ideological remoulding, is a more important, primary task than the creation of material and economic conditions for socialism. Only when priority is given to the remoulding

of man is it possible to strengthen the driving force of revolution and enhance its role to successfully build socialism.

If we attach decisive importance to the objective material and economic conditions and address ourselves only to economic construction, regarding the ideological remoulding of the popular masses as the secondary work and neglecting the work of strengthening the driving force of revolution and enhancing its role in socialist society, we cannot successfully carry on socialist construction as a whole nor can evade stagnation in economic construction itself.

Such tendencies were rather pronounced in some countries which were building socialism in the past and the renegades of socialism launched "reforms" by taking advantage of them and committed the counter-revolutionary acts of destroying the socialist economic system itself.

The historical task of placing socialism on a new scientific basis was fulfilled successfully when the great leader Comrade Kim Il-song founded the *chuche* idea and, on this basis, evolved the theory of socialism with his originality.

Socialism which the great leader Comrade Kim Il-song systematized in a scientific way is man-centred socialism, socialism centred on the popular masses. Under our socialism the popular masses are the masters of everything and everything serves them; our socialism develops in reliance on their united strength. The theory of socialism of *chuche*, drawing on a scientific analysis of the essence of socialism and the law of its development with man in the centre, expounds that in order to successfully build socialism, it is imperative to vigorously fight to conquer the two fortresses of socialism and communism, ideological and material, and definite priority must be given to the fight to conquer the ideological fortress.

In socialist construction, our party has increased in every way the political and ideological might of our revolution by giving definite priority to the remoulding of man, ideological remoulding, in all work and consolidated the independent national economy and the self-reliant defence capabilities. Therefore, it is pushing ahead with the revolution and construction without the slightest vacillation under the present complicated situation. Practical experience clearly shows that our socialism, the embodiment of the *chuche* idea, is the most scientific and viable socialism.

In the second part, Comrade Kim Chong-il says Korean socialism is based on the *chuche*-oriented view and stand toward man.

He continues:

Our socialism is scientific and truthful in that it is based on the most correct *chuche*-oriented view and stand

toward man. The *chuche* idea was the first in history to give a scientific exposition of man's essential nature.

Man is a social being with independence, creativity and consciousness. This is the essential features of man. That is why man is the most precious and powerful being.

Man is the only master and only remaker of the world. There is nothing more valuable and more powerful than man in the world.

The bourgeois reactionaries regard man as a means of material production, a negligible being capable of labour which can be sold as a commodity, and a powerless being dominated by gold.

It is also from a reactionary bourgeois view of man that the renegades of socialism are restoring capitalism, obliterating all the popular measures taken by socialism, regarding unemployment and poverty as expedients for increasing the desire for competition and the intensity of labour, and are kowtowing to the imperialists, pinning hopes on "aid" and "cooperation" from the Western capitalist countries without believing in the strength of their people.

Man-centred socialism is the most scientific in that it makes everything serve man and solves every problem by enhancing the creative role of man from the *chuche*-based view and stand toward man.

The *chuche* idea was the first in history to expound that man is a being that has socio-political integrity as well as body. To man, body is important, but socio-political integrity is more important.

The bourgeois reactionaries and the renegades of socialism view exploitation and domination of man by man as a normal phenomenon and consider man to be a vulgar being seeking only to satisfy his own material desire. This is another clear manifestation of the reactionary nature of the bourgeois view and stand toward the essence of the life of man and the value of life.

Our socialism is truly a man-centred socialism which regards man as the most valuable and fully meets the intrinsic demand of man so that all people can have socio-political integrity and constantly enhance it and the demand of their body can be fully met.

In the third part, Comrade Kim Chong-il states that Korean socialism is based on the *chuche*-oriented view and stand toward the popular masses.

He says:

The popular masses are a social collective mainly consisting of working people who are united with the commonness of their demands for independence and creative activities; and they are the makers of history.

The great leader Comrade Kim Il-song successfully carried on the revolution and construction by firmly uniting all people willing to serve the country, the people and the

nation into one revolutionary force at every stage of revolution. Our party is leading people of all classes and strata who are interested in the revolution along the road of socialism and communism, trusting them as eternal companions, not temporary companions, of the revolution.

Since everything of society is created by the popular masses, they are the masters of everything of society. They must hold the position of master and exercise their right as such.

If the independence of the popular masses is to be realised and defended strictly, all the lines and policies must reflect their demand for independence and be implemented in reliance on their strength and the independence of the country and the nation be defended to the last.

Referring to the human rights problem, Comrade Kim Chong-il says:

The imperialists, arbitrarily interfering in the internal affairs of other countries and violating the sovereignty of other peoples, are trying to justify this under the pretext of "defence of human rights". The first and foremost enemy of human rights is the imperialists.

Human rights is the independent rights of the people in all spheres of social life including politics, the economy, ideology and culture. The "human rights" advertized by the imperialists mean the privileges of the rich who can do whatever they want with money. The imperialists do not regard as human rights the right of jobless people to work and the right of uncared-for people and orphans to eat and live.

We will never tolerate any interference and arbitrariness of the imperialists to infringe upon the sovereignty of our country and nation but will resolutely defend it.

The popular masses, being the masters of everything of society, must discharge their duty and role as such. To this end, ideological remoulding and political work to increase their consciousness as masters must be given priority and their creative strength be built up.

The popular masses must lead a worthy and happy life as masters of everything of society. The essential content of their worthy and happy life is for them to enhance their socio-political integrity and lead a dignified life amid the love and trust of the social collective.

The bourgeois reactionaries' argument about superclass love is a crafty ruse to conceal the reactionary nature of the exploiting system of capitalism and gloss over class antagonisms.

Socialism centred on the masses most successfully embodies the relations of comradely unity and cooperation, love and trust in all spheres of social life, and turns politics into one based on love and trust.

Though the imperialists whitewash bourgeois politics with "multi-party system" and "parliamentary democracy" and slander socialist politics, black and white cannot be reversed.

Bourgeois politics is a harsh and crafty politics of oppression and plunder combined with the power of money.

If genuine benevolent politics, the politics based on love and trust, is to be enforced in socialist society, there must be a political leader with intense love for the people and the ruling party of socialism be built as their mother party.

Our party's benevolent politics based on love and trust is the main factor defining the advantages and invincibility of our socialism. Thanks to the benevolent politics of the party and the leader, our people are leading the most worthwhile and dignified life, enhancing their precious socio-political integrity under our socialist system centered on the masses.

Benevolent politics is a traditional mode of politics, the historical root of which was provided by the great leader Comrade Kim Il-song in the days of the anti-Japanese revolution long ago and which has been developed in depth by him with the advance of the revolution and construction. It was not until respected Comrade Kim Il-song with noble virtues of deeply loving the people was acclaimed as the leader that a proud history of benevolent politics, genuine people's politics, was ushered in in our country.

Our party is constantly carrying forward the brilliant tradition of benevolent politics established by the great leader Comrade Kim Il-song.

Our party's benevolent politics is all-embracing politics based on love and trust whereby to love and trust the people of all walks of life without discrimination.

Our party's benevolent politics serves as the source of the singlehearted unity of the leader, the party and the masses.

As our party has won victory after victory, believing in the people and relying on them, so it will accomplish the cause of socialism of chuche by believing in and relying on them.

Memorial Narratives on Kim Il-song Published

SK0311234594 Pyongyang KCNA in English 2223 GMT 3 Nov 94

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—The Kumsong youth publishing house of Korea brought out a collection of memorial narratives "The Sky and the Earth Weep".

The book gives accounts of mysterious natural phenomena previously unknown, which appeared in different parts of the country when the whole nation was wailing in bitter grief at the death of the great leader President Kim Il-song.

The book carries 100 narratives divided into three parts: "All Things in the Universe Cry," "Sky and Earth Pray for the Repose of his Soul" and "The Sun Will Never Cool".

Many narratives tell that all things under the sun wailed in most acute pains over the sudden death of the great president.

The narratives "The Earth Bursts Into Cry," "Thunder" and "Wail" say that the mysterious natural phenomena at around two hours at dawn on July 8 were wonders announcing the sad news of the death of the fatherly leader.

The narratives "A Flock of Birds Alight on Old Home," "A Cicada Sings at the Dead of Night," "A Bat Flies at Noon" and "A Lily Clad White" tell that the grey starling and the cicada which are active in daytime twittered at night and such night birds as Korean scops owl and the bat hooted and flew about in daytime, the lily which usually measures 3 centimeters bloomed into a white flower measuring 9 centimeters overnight. Through these phenomena of living things breaking their proper ways of existence tell that President Kim Il-song was greatest of the great men who moved even nature. Some narratives deal with peculiar phenomena of the sky and the earth praying for the repose of the soul of the fatherly leader.

"Samjiyon Presents 'Flower'" "Rainbow, 'Wreath'," "Maple Tree Turns Into 'Bouquet'," "Daisy Blooms Earlier Than Season," and "Acadia Blooms Twice" tell about typical wonders that meant more than kaleidoscopic natural phenomena.

"Egrets Fly to Janam Hill," "Birds Cross Demarcation Line," "Rainbow of Reunification" and "Blue Dragon Gets Angry" depict birds flying from the South to pray for the soul of the great leader and rainbows in the northern and southern skies joining each other. They represent the bitter sorrow at the death of the fatherly leader before seeing the day of reunification and foretell that national reunification will certainly be achieved as desired by him in his lifetime.

Being facts witnessed by people, the mysterious natural phenomena recounted in the narratives strike all people with wonders.

Glorifying of Party Leadership Achievement Urged

SK0411125394 Pyongyang MINJU CHOSON in Korean 24 Sep 94 p 2

[Article by Kim Yong-sok: "Glorifying the Party's Leadership Achievements Is an Honorable Task of the People's Regime"]

[FBIS Translated Text] Today, our people's regime has been developed and consolidated into a powerful political weapon that vigorously pushes ahead the socialist

and communist construction under the party's wise leadership. Furthermore, it has brilliantly carried out its lofty mission to endlessly glorify the socialism of our own style and to provide happy and modern life to the people.

The struggle to satisfactorily guarantee the people's creative and independent life has been powerfully pushed ahead and the socialism of our own style has achieved victory after victory amid all sorts of the imperialists' antisocialist maneuvers, thanks to our people's regime which has stoutly pushed ahead the struggles to glorify the party's leadership achievements.

The dear leader Comrade Kim Chong-il has taught: "The socialist regime is an executor of the party's lines and policies, and the party's leadership over the entire society can only be firmly guaranteed and realized through the state regime, the most comprehensive political organization."

Glorifying the leadership achievements brought about by the party is the task of glorifying the leader's [suryong] leadership achievements. The party is a staff of the revolution that leads the struggle to embody the leader's ideas, and the leader's ideas and leadership can be realized through the party. The working class's party is a vanguard of revolution, a guide of revolution, which strives with the mission of embodying the leader's ideas and leadership, and the leader's ideas and leadership can only be embodied in the construction and revolution with the party's tested leadership. Through the course of embodying the leader's ideas and leadership, the working class' party can triumphantly carry forward the popular masses' revolutionary cause and can accomplish immortal achievements before the time and revolution.

The achievements that have been brought about in the course of arduous struggles in which the party led the revolution and construction were accomplished in the struggles to embody the respected and beloved leader's revolutionary ideas and leadership. Accordingly, the party's leadership achievements are the great leader's leadership achievements.

Our party, a guide of the socialist cause, was guided by the great leader's ideas and policies and mapped out and carried out policies and lines according to this during the entire course of leading the construction and revolution. In so doing, our party has vigorously advanced our revolution and set up the people's paradise on this land. Glorifying the leadership achievements of the great leader, who has devoted his all for the happiness of our people and the prosperity of our country, and the party by the people's regime is the task of faithfully upholding the dear comrade leader at the head of our revolution and is the most honorable task to stoutly push ahead the socialist cause in accordance with the dear comrade leader's intentions.

That glorifying our party's leadership achievements is the honorable task of our people's regime lies in the fact it is a task to consummate the socialist cause to the end.

The socialist cause is a sacred work to realize the popular masses' independence, and it has been nurtured and completed under the party's leadership, the general staff of the revolution. The popular masses can become masters of their fate only under the leadership of the revolutionary party of the working class, and fulfill the mission and role of the main force of independence of the revolution. The sacred struggle to establish a new social system in which the people become the master of the state and society, and provide an independent and creative life for the people, is carried out under the party's refined leadership, which leads the socialist cause to victory. This is realized when the people's regime, a strong political weapon of the revolution and construction, smoothly fulfills its mission and role.

Society is managed and operated in a unified way according to the function and role of the people's regime, and all sectors of social life and all regions of the country are controlled by the people's regime. Also, its development is organized, coordinated, and controlled. A socialist society is a collective society in which all members of society are united through one political organic body, and help and lead each other to live a harmonious life. It is also a highly organized society in which all sectors of social life and all regions of the country are reformed purposefully. In a socialist society, the popular masses are the master of the state and society, and master of the means of production. If unity and cooperation are to be strengthened among the members of society and harmoniously develop all sectors of society and all regions of the country in such a socialist society, the people's regime must smoothly realize society's coordinated leadership. Only then can all members of society unite, harmoniously develop society, organize the popular masses' independent and creative activities with purposefulness, endlessly consolidate and develop socialist society, and vigorously accelerate the socialist cause to victory.

The popular masses must be vigorously organized and mobilized in the struggle for socialist construction to smoothly realize the coordinated leadership toward society. By doing so, the country's political, economic, and military might can be strengthened and the socialist cause can be vigorously advanced. This is the most worthwhile and honorable work for the people's regime. Also, this will be carried out under the party's wise leadership leading the struggle to realize the popular masses' independence. Our party elucidates the correct goal, direction for activities, and work method so that the people's regime can successfully carry out the socialist cause, and guides all works of the people's regime. The function and role of the people's regime have been enhanced unprecedentedly according to our party's wise leadership, and a firm basis has been provided in our country to look ahead at the firm belief that the socialist cause will achieve complete victory. Therefore, the work to elucidate the party's leadership achievements is for the people's regime to strengthen the coordinated leadership toward society and vigorously

accelerate socialist construction. This becomes the honorary work to achieve ultimate victory in the socialist cause.

Another reason that elucidating the party's leadership achievements is an honorary work of the people's regime, lies in the fact that it guarantees a more independent and creative life for the people. The people's regime is the advocator of the independent right of the popular masses and protector of a creative life. The popular masses can sufficiently exercise true freedom and right as the master of state and society only under the people's regime, and also enjoy an abundant and happy life. If the people's regime is to guarantee political freedom and rights to the popular masses and successfully carry out the work to provide a happy life, it must actively struggle to elucidate the party's leadership achievements.

The basic reason for the working class party's leading the socialist, communist cause is to provide independent and creative life for the popular masses. The working class party is a leading political organization to victoriously lead the struggle to achieve the popular masses' cause for independence, while the popular masses' cause for independence is the work to make one become independent and creative, as well as to provide the people a happy life. Therefore, for the working class party to fulfill its mission as the revolutionary political party to achieve the leader's [suryong] ideology and leadership, it should devotedly serve the people by regarding the work to guarantee the popular masses' independent and creative life as the basic principle for the party's activity. The standard of devoted service to the popular masses becomes a basic factor in defining the revolutionary character of the working-class party. Only the party—which carries out the struggle to guarantee the true political right and freedom for the popular masses and to provide them with a happy and abundant material and cultural life—becomes people-oriented and revolutionary. Therefore, it is the most honorable and rewarding work to glorify by such party's leadership achievement.

Our party has gained its leadership achievement in the course of leading the struggle to guarantee the true political freedom and rights for our people and to provide them with an abundant and happy life. Also, the most sacred mission of the people's government is to glorify our party's achievements gained in the course of the struggle to provide the people with the independent and creative life. The people's government is struggling to glorify the party's leadership achievement. Therefore, it is an important work to fulfill its honorable duty as the defender of the independent rights of the popular masses, the head of a family who is responsible for the people's life, and protector of the independent and creative life of the people.

Today our people are freely enjoying their independent and creative life in all areas as masters of the state and

society, including political, economic, ideological, and cultural life. This is because our socialist government devotedly serves the people, regarding the work to glorify the party's leadership achievement as its most sacred duty. This clearly shows that the work to glorify our party's leadership achievement is a rewarding work to provide our people with more independent and creative life, as well as the most honorable work our socialist government—which our people themselves have chosen and is, also, built by our people's might—should carry out.

All victories and successes achieved on this land under the wise leadership of our party exist for the people and, also, all the people's demands and aspirations have been reflected. The whole history of our party's leadership for the revolution and construction is a history of devoted service to the people. The immortal achievement gained by the party becomes the most sacred one our party has registered for our people's happiness and prosperity. The work our people's government should always carry out as its important work is to glorify just the party's leadership achievement. We can achieve the country's prosperity and provide our people with a happy life only by carrying out the struggle to glorify the party's leadership achievement. Also, we can endlessly consummate the socialist cause.

Functionaries of the government organization should regard it as the most important work among the government organization's works to glorify the party's leadership achievement under the dear comrade leader's leadership and, by vigorously carrying out the work, they should resolutely safeguard and endlessly glorify socialism of our own style.

South Korea

U.S., North Hold First Contact on Agreement

*SK0311231194 Seoul KBS-1 Radio Network in Korean
2102 GMT 3 Nov 94*

[YONHAP from Washington]

[FBIS Translated Text] The United States and North Korea held a working-level contact in New York today for the first time since concluding the North Korean nuclear agreement, and discussed methods to implement the U.S.-DPRK agreed framework, including adjusting schedules for expert-level talks on various issues.

Foreign sources analyzed: This contact is meaningful because it is the first measure in implementing the U.S.-DPRK agreed framework signed on 21 October, as well as the first opportunity to see how sincere North Korea's attitude toward implementation of the agreement is.

It has been learned that, in preparation for the upcoming New York contacts with North Korea, the United States has mapped out a plan to hold expert-level talks on

disposing of the used fuel rods in Pyongyang as soon as possible, on establishing U.S. and North Korean liaison offices in Washington, and continuing the talks on the light-water reactor issue in a third country.

It has been observed that North Korea must emphasize it has frozen its nuclear program according to the U.S.-DPRK agreed framework.

Sources point out that the disposal of the used fuel rods in the water tanks in Yongbyon is the most imminent problem, and report it is the U.S. position that expert-level talks be held in Pyongyang this month.

3 'Working-Level Channels' Needed

SK0411002694 Seoul YONHAP in English 0021 GMT 4 Nov 94

[FBIS Transcribed Text] Washington, Nov. 3 (YONHAP)—North Korean and U.S. officials met Thursday [3 November] for the first time since signing a nuclear agreement last month to set dates and sites for experts' follow-up talks.

The two sides need to open three separate working-level channels on the disposition of North Korea's spent fuel rods, an exchange of liaison offices and on light-water reactors and alternative energy.

Sources said they had tentatively agreed to meet from mid-November. A North Korean official at the UN mission said they had agreed on the principle of opening the three experts' meetings but needed clearance from their home governments.

"We only roughly agreed on mid- and late November," he said. "We need to meet once again before deciding on precise dates."

The sources said the U.S. side stressed the urgency of disposing of the more than 8,000 nuclear rods and proposed meeting in Pyongyang from next week to address the issue.

Pyongyang and Washington signed a nuclear agreement Oct. 21 which calls for the hermit state to freeze its nuclear development in exchange for light-water reactors and better relations with the United States.

The follow-up experts' talks will be like litmus tests to ascertain Pyongyang's commitment to implementing the agreement, the sources said.

The U.S. side proposed holding the liaison office talks in Washington and the reactor-alternative energy negotiations at a third location, according to the sources.

A tripartite conference among South Korea, the United States and Japan is due sometime in mid-month as well on organizing the Korea Energy Development Organization (KEDO), a multinational consortium to finance the reactor project and provision of alternative energy.

North Army Exercise Said Due to Kitty Hawk

SK0411021294 Seoul TONG-A ILBO in Korean 4 Nov 94 p 2

[FBIS Translated Text] It was learned on 3 November that North Korea is waging an exercise in response to the presence of the U.S. aircraft carrier Kitty Hawk which is deployed in the sea near the Korean peninsula.

An official of the Ministry of National Defense said: "On 2 November, we detected the North Korean Army engaging in activities to wage an observation exercise [tamji hullyon] on the USS Kitty Hawk. North Korea launched fighter planes from its base on the east coast where it waged the exercise of studying the movements of the USS Kitty Hawk."

The official added: "The North Korean Army's military activities, however, are similar in scale to others seen to date."

At the moment, the USS Kitty Hawk is engaged in operations in the East Sea near Ullung Island.

Editorials Review Reduction of U.S. Forces

SK0411043294

[FBIS Editorial Report] The following is a compilation of editorials carried in the 4 November vernacular Korean language newspapers which deal with the reduction of U.S. troops in the ROK.

The moderate HANGUK ILBO carries on page 3 an 800-word editorial which begins by emphatically urging North Korea to be the first to withdraw its troops from the area along the truce line, while reviewing U.S. Assistant Secretary of State Gallucci's remarks calling upon North Korea to withdraw its ballistic missiles and troops away from the area along the truce line as a prerequisite to the establishment of diplomatic relations between North Korea and the United States.

With regard to the statement issued on 1 November by a North Korean Foreign Ministry spokesman on a decision to discontinue the construction of the North's graphite-moderated reactors and other relevant facilities, as well as the operation of its five-megawatt experimental atomic reactor, and to freeze development of the radiochemical laboratory, the editorial casts suspicions on North Korea's real intention, saying: "We cannot trust this until the International Atomic Energy Agency has its inspectors permanently stationed in North Korea and makes a scrutinizing inspection of the nuclear facilities in conformity with the relevant agreement."

As for the South-North dialogue, the editorial touches upon the affirmative attitude by PRC Premier Li Peng and Foreign Minister Qian Qichen, as well as the Assistant Secretary of State's advocacy of the resumption of the South-North dialogue and improvement of their relations, adding: "North Korea is obviously avoiding and turning its face away from dialogue." The editorial

emphasizes: "We should never ignore North Korea's attempt to advance improved relations with the United States while maintaining a vast number of troops in the forward area along the truce line and while only talking about freezing the development of its atomic reactors."

The editorial expresses deep regret over the discussion of a second-phase reduction of U.S. troops, stressing: "Under the circumstances in which ROK citizens are already feeling uneasy because of a series of large-scale accidents and the questionable [ojongtchonghan] settlement of the nuclear issue, the United States is advised to give deep thought to the question of whether it is timely to resume the withdrawal of its troops. In a word, the withdrawal of U.S. troops should be postponed until later." In conclusion, the editorial urges the government to demand the United States put off withdrawing its troops until Washington has confirmed that North Korea is faithfully implementing the nuclear agreement, or that the United States withdraw its troops on a minimum scale and on a gradual basis.

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial which begins with Assistant Secretary of State Gallucci's remarks urging North Korea to withdraw its troops from the area along the truce line, and reviews news reports on arms reductions in the Korean peninsula and the withdrawal of U.S. troops from the ROK. The editorial then touches on remarks by one high-ranking U.S. State Department official who hinted that U.S. Secretary of State Christopher, who is coming to the ROK on 8 November, will deliver a "meaningful" speech concerning conventional military capabilities on the Korean peninsula.

The editorial states: "While keenly sensing the whirlwind of change that the North Korea-U.S. agreement in Geneva is bringing, we cannot but be lost in deep thought regarding what we should do in order to actively respond to such changes." The editorial goes on to say that these moves show that a change following the agreement reached between the North and the United States, has already begun on a broad scale, with the Korean peninsula in the center of this change; it adds that from this viewpoint, we had better look at the question of replacing the armistice agreement with a peace agreement, as was brought up by a spokesman of the PRC Foreign Ministry during Premier Li Peng's visit to the ROK.

The editorial brings up the following questions that should be resolved before U.S. troops are reduced: First, the reduction of U.S. troops should be carried out "gradually" and not hastily; second, the ROK Government should work out broad and thorough short- and long-term plans concerning a wholesale reorganization of the ROK's defense plan.

In conclusion, the editorial lays emphasis on more thoroughly consolidating the ROK-U.S. cooperative system, while urging the government to display wisdom in dealing with this issue.

Foreign Minister: N-S Peace Treaty Under Study

SK0411031094 Seoul YONHAP in English 0306 GMT 4 Nov 94

[FBIS Transcribed Text] Cheju, South Korea, Nov. 4 (YONHAP)—Foreign Minister Han Sung-chu said Friday that South Korea might review plans to conclude a peace treaty with North Korea under the basic South-North agreement and get related countries to endorse it.

Meeting the press right after Chinese Premier Li Peng's press conference here, Han pointed to the involvement of the United States and China in the Korean Armistice Agreement, indicating that these are the related countries.

He added, however, that simultaneous conclusion of an inter-Korean treaty, a South Korea-China treaty and a North Korea-U.S. treaty is undesirable.

Han's remarks are in line with Premier Li's press conference statement that to establish a peace system on the Korean peninsula, both North and South Korea and related countries should sit down for discussions.

Before Li's press conference, Han met with his Chinese counterpart Qian Qichen on issues related to the North Korea-U.S. nuclear agreement, the resumption of inter-Korean dialogue and a peace regime on the Korean peninsula for about an hour at the Cheju Shilla Hotel.

* 30 North Korean Experts Assess Kim Chong-il

942C0216B Seoul WOLGAN CHUNGANG in Korean Sep 94 pp 192-205

[By reporters Song Ui-ho, Ko Se-hun and Kim Il-kon: "The Kim Chong-il Regime in the Eyes of 30 North Korean Experts: Appears Lacking in 'Self-Confidence' as Ruler"]

[FBIS Translated Text]

It is already a month since Kim Il-song died. The Kim Chong-il regime, the successor, has not yet made its official debut to the outside world, already spawning speculations of a possible hitch in the process of power transition. In an effort to foresee the future of the Kim Chong-il leadership, which appears extremely uncertain, WOLGAN CHUNGANG has conducted an opinion survey of 30 Korean and foreign experts on North Korea, by having them answer the prepared questionnaire in writing. It covered former directors of the Agency for National Security Planning [ANSP] and former chiefs of the ANSP North Korea Bureau, who controlled North Korea intelligence in the past, members of North Korean affairs research institutes, Korean and foreign scholars, and defectors from North Korea. The survey was conducted on 8-12 August by having them write their answers briefly to 10 questions. The following is a report on their responses to each question.

The Respondents:

Kang In-tok, director of the Far East Affairs Research Institute, former chief of the KCIA [Korean Central Intelligence Agency] North Korea Bureau

Ko Tae-u, editor of the journal PUKHAN of the North Korea Research Institute

Kil Chong-u, chief of the policy research section of the National Unification Research Institute

Kim Nam-sik, staff researcher of the Peace Research Institute

Kim Yong-song, adviser to the Korea General Technology Development Corporation, a 1992 defector

Kim Chi-il, a 1990 defector

Kim Tae-so, former chief of the ANSP North Korea Bureau

Pak Se-chik, member of the National Assembly, former ANSP director

So Tong-kwon, lawyer, former ANSP director

So Chae-chin, chief of the North Korea research section of the National Unification Research Institute

An Mu-hyok, member of the National Assembly, former ANSP director

Yang Ho-min, visiting professor of Hallim University

Yu Hak-song, former ANSP director

Yun Tok-min, professor of the Institute of Diplomacy and National Security

Yun Il-kyun, former acting director of KCIA

Yi Myong-yong, professor emeritus of Songgyungwan University

Yi Pyong-yong, director of the National Unification Research Institute

Yi Sang-yon, former ANSP director

Yi Yong-hwa, professor of Kansai University in Japan

Yi Chong-sok, lecturer of Songgyungwan University

Yi Hang-ku, author of "Novel Kim Il-song"

Chon In-yong, professor of Seoul National University

Chon Hyon-chun, member of the National Unification Research Institute

Chong Ki-hae, a 1993 defector

Chong Yong-kil, professor of Tongguk University

Chong Yong-sok, dean of the graduate school of administration of Tanguk University

Chong Chae-mun, member of the National Assembly

Chae Yong-ku, researcher of the Defense Research Institute

Masao Okonogi, professor of Keio University in Japan

Ryo Hagiwara, former Pyongyang correspondent of AKAHATA [Japan Communist Party organ]

Question 1: How long do you think the Kim Chong-il regime will last?

The 30 experts were asked to indicate specific numbers in their answers. And more than 20 said "two-three years." The survey found most of the answers falling in a one-five years category, indicating that the Kim Chong-il regime is viewed as probably lasting for one year at least but not for more than five years.

One of them, who once headed an intelligence agency, declined to make a prediction. Explaining, he cited the

absence of data needed for such predictions like information on the power structure and major policy directions but said it is not the only reason. It is a question even overlooked by media and one that should be considered sooner or later, he noted, adding that he just has no answer to it as yet.

He said: "It all depends on self-confidence on the part of the ruler himself. A ruler is always a loner when making decisions; a lack of self-confidence, therefore, is the gravest disqualification. In that sense, I feel that Kim Chong-il's haggard face in the televised funeral for his father suggested many things. He seems to have problems with his self-confidence. For instance, he dislikes to be seen in public. This shows his weakness even with minimum-level ceremonies that he is required to perform as ruler. World history shows that dictators generally make use of media a great deal. Of course, Deng Xiaoping and the like are exceptions ... although that does not mean Kim Chong-il is comparable with Deng Xiaoping. It is one of the things making people skeptical of how confident Kim Chong-il is in himself."

Among minority views expressed were "approximately five-10 years" (Yi Chong-sok) and, conversely, "will collapse within a year" (Yi Myong-yong). Meanwhile, Kim Yong-song said "it depends on President Clinton" (suggesting that it will vary depending on whether Washington will be positive or negative for the continuation of the Kim Chong-il leadership). Especially, Yi Chong-sok, representing young North Korea researchers, made this prediction: "If Kim Chong-il retains the unitary system, he is likely to last for five-10 years, and far longer than that if he dismantles it and shifts to a collective leadership system."

Question 2: For what reasons do you think so?

This is a follow-up to Question 1. The responses were diverse but could roughly be divided into two groups. First, those predicting a short two to three-year life focused on the limitations of the regime, while others predicting it will last longer cited unexpected reasons. Following are some of the responses:

Rep. Pak Se-chik, whose forecast was that it "could last longer than generally thought unless there were health problems or other unforeseen factors," gave this reason: "The Kim Chong-il leadership has been built over two decades. Political opponents to the succession have been eliminated in this period, while the elite group that organized the succession consists of the Kim Il-song family and its clan and descendants of the first-generation revolutionaries. For them, collapse of the Kim Chong-il regime means their own fall; in my view, therefore, their sense of solidarity is stronger than generally thought."

Another expert, who predicted Kim Chong-il will possibly be in power for two-three years, explained: "He embarked on a military shake-up in 1976 and this put him in control of the military. Meanwhile, the North

Korean people will be ready to overcome immediate difficulties by economization, austerity and self-reliance, which are their way of life."

Unlike them, Yi Pyong-yong, who estimated its duration at three-four years, referred to the limitations of the Kim Chong-il regime and said: "In three-four years after his takeover, as the limited reforms and openness which he chose are found producing no practical results, forces making a challenge to his leadership will show up. At the same time, reform and openness will spur changes in the people's consciousness, adding fuel to ideological friction within the leadership group. There is the possibility of Kim Chong-il's falling from power in this process." The survey found similar views overwhelmingly popular among the experts.

Kim Yong-song, a defector from the North, said that "the regime's destiny entirely depends on outside factors including the ROK Government and the United States." "Away from such outside factors, the regime—as one that rules by force—is not likely to collapse but continue by its brutality." "If our government decides not to pursue a policy seeking its collapse, the Kim Chong-il regime could remain safe and sound," he said.

Question 3: What kind of forces do you think will take over should the Kim Chong-il regime collapse?

Responses of the 30 experts were largely identical. Needless to say, a few expressed different views, but in a broad sense they could be interpreted as being in the same context. In short, they all pointed to a combined force of the military elite and technocrats. The responses varied slightly over details, however.

The prediction was largely based on factors inherent in a dictatorial regime. "To begin with, there exist no such things as opposition parties or reformist forces as a potential takeover force. Even if they exist, in extremely small strength, they have no ability to organize. Consequently, a takeover force inevitably comes from among those close to the power. The potential takeover force can be found among those who, while belonging to the party, administration, or military elite, are reform- and openness-oriented." The point is that unlike in an open society, the new power in a closed society develops from within the existing power.

Explaining why he thinks the military and technocrats will join forces, Yun Tok-min said: "When the collapse comes suddenly, there will be a popular uprising and, in the process, the military could rebel against Kim Chong-il, raising the possibility of a Romania-type scenario. In that case, the military and bureaucrats will come to control politics. Slightly differing with him, Yi Yong-hwa said: "If a mass uprising occurs, the military will put it down. If it is repeated, riots will spread. In this process, the intellectuals will tie up with young military officers." In any case, since it would be difficult for the military to act alone, there is the possibility of armed conflicts in the process of a takeover by new forces.

As to which part of the military will likely be the leading force, views are divided. Some experts cite second-generation revolutionaries, Mangyongdae Institute graduates, or elements of the Secret Service branch, while others unexpectedly point to new forces in the military, including technocrats—generally a reference to a group capable of pushing Chinese-style reform and openness while overcoming economic difficulty and following international trends.

Also, away from them, there was a minority view that in case of a collapse, there would be no substitute forces. Ryo Hagiwara, a Japanese expert, said that "if a collapse comes, an uncontrollable, chaotic situation would continue for years as it did in Yugoslavia." Meanwhile, Kim Yong-song said that "if the Kim Chong-il regime disintegrates, there will be no substitute regime. It will be, therefore, the time for unification and the important thing is how South Korea will respond."

Question 4: What is the leadership style do you expect of Kim Chong-il as compared with Kim Il-song?

Responses were again generally identical, predicting that it would be largely the same as his father's. They noted that in order to secure legitimacy of the regime and build charisma, among other things, he will inevitably inherit his father's leadership style. Yi Yong-hwa described it as "Kim Il-song system minus Kim Il-song."

The Kim Il-song style means special favors for cronies but ruthless purges and reprisals for opponents. According to Prof. Yi Yong-hwa, "in the process of inheriting his father's style, he could even try to inherit his charisma, too, and thus intensify the rein of terror through the secret police. As a means to cover his relative weakness in charisma, Professor Okonogi said, it is possible that he appeals to traditional or Confucian values lingering in the consciousness of the North Korean people."

Most experts also predicted that he will inherit major policy decisions made by his father. Ryo Hagiwara said: "The basic policy lines of the Kim Il-song days were the liberation of South Korea by armed force, *chuche* ideology, the four-point military line, and military-style obedience. However, because of the food and energy shortages, Kim Chong-il has to adopt an open policy whether he likes it or not. That is the situation he is in now. Kim Il-song had strongly felt the need for it before he died and he was positive for negotiations with Seoul and Washington. Kim Chong-il has no alternative but to faithfully follow that line."

Some made predictions based on his character. Chon Hyon-chun said: "Being stubborn, self-righteous and extemporaneous as he is, he may feature a leadership style causing dramatic change in a situation and giving the world an unpredictable shock. Conversely, Dr Kil Chong-u, viewing him in a positive light, said: "Once he takes the seat of supreme power, it is highly possible that he will perform in a responsible manner."

Needless to say, Kim Chong-il's style would not be a reprint of his father's. It is because he will soon have to tread a new path to openness although the Kim Il-song style might continue for the time being. Trial and error will be inevitable and policies could lose consistency. With regard to the leadership style expected of him for this phase, there were these responses:

"It would possibly be a limited decentralization in which officials are given responsibility and censured for any failure." "It could be a leadership backed up by the party and the military rather than a one-man dictatorship." "Policy decision is made in a case-by-case fashion with the focus on short-term, partial interests rather than big goals such as the interests of the state or the revolution," etc., etc.

Some foresee the possibility of Kim Chong-il emerging from a defensive posture and taking on an offensive, positive style. Rep. Pak Se-chik said that "to make a difference from his father, Kim Chong-il could seek a Chinese- or Vietnamese-style openness and try to make his rule last longer than thought." Rep. Chong Chae-mun forecast: "To solve economic problems, he can possibly take bold measures like bringing in foreign capital by improving relations with Japan."

Question 5: What is your prediction of key groups to lead the Kim Chong-il regime?

The survey again found the 30 experts almost identical in their views. Most of them cited three to four groups, the only difference being the order of precedence. Groups that received most votes were "second-generation revolutionaries," "former classmates of Kim Chong-il's at Mangyongdae Institute (school for children of revolutionaries)," "members of the Three Revolution Teams," and "the Kim Il-song clan represented by his relatives and in-laws." Some voted for "Kim Chong-il's fellow students at Kim Il-song university" and "first-generation revolutionaries."

Also, there were responses like "key leaders of the party and some military forces." They can be included in one or more of the foregoing categories based on backgrounds.

The rise of second-generation revolutionaries like Kim Chong-il means that the leadership force is turning younger. In the view of the respondents, the first-generation revolutionaries and former anti-Japanese guerrillas will stay on for the time being backing up the new regime, then retire. Former members of the Three Revolutions Teams, brought up directly by Kim Chong-il, are equivalents to the "Red Guard" and most trusted by him. So, an expert noted that they are viewed as careerists and opportunists. Separately from the majority view, Ryo Hagiwara cited the military as the key group. He said "it is the military and absolutely no other groups," adding that only the military can have power in a socialist country.

Unexpectedly, some produced names of individuals who they think can become potentates, including O Kuk-yol, a second-generation revolutionary and an influential military figure, and O Chin-u, a first-generation revolutionary and "kingmaker." The list included relatives and in-laws such as Kim Yong-chu; Yang Hyong-sop, chairman of the Supreme People's Assembly; Kim Yong-sun, rumored to be Kim Chong-il's maternal uncle, and Chang Song-taek, Kim Chong-il's sister's husband. Also included were such names as Kim Yong-nam, minister of foreign affairs; Kang Song-san, former vice premier; Pak Song-chol, vice president, and Kye Ung-tae.

Kim Yong-song said: "Groups that can become the leadership force are those who put the gun and sword in the hands of Kim Chong-il. They have many enemies and have no alternative but to support him, for fear of revenge at least."

Question 6: What do you think will be the sentiment of the Korean People's Army [KPA] toward Kim Chong-il?

The question is intended to find out how experts view the relationship between the military and Kim Chong-il, who virtually has no experience in military service. Their responses varied vastly, ranging from "an emulation in loyalty" to "anti-Kim Chong-il moves." Some typical ones follow.

"There are no intelligence reports pointing to high loyalty." "Such blind obedience and following as shown to Kim Il-song can hardly be expected." "There is a mounting distrust because of his total lack of experience in military service and arrogance." These were rather negative responses. Positive ones were quite numerous on the other hand, including: "Indeed he has no experience in military service but it is not as serious a problem as we think, because he has been in control of the military as chairman of the National Defense Commission and party secretary. He will inevitably wield substantial influence."

Rep. Pak Se-chik's response covers these points plus the question of a possible rebellion. He said: "Kim Chong-il, as chairman of the National Defense Commission, has been in control of the KPA through shake-ups of major posts. Since he placed officers absolutely loyal to him in major posts in this process, I don't think any serious wavering will develop in the KPA. Even if some KPA elements should rebel, it would be an isolated case and will have little chance of success." His view is backed up by the fact that Kim Chong-il and O Chin-u have since 1976 replaced all the company-level commanders with officers they personally picked from among former members of the Three Revolutions Teams.

Yi Pyong-yong, director of the National Unification Research Institute, noted that "there are many people skeptical of Kim Chong-il over the military service issue and his temperament, but most of them tend to see them as part of problems accompanying the Kim Il-song-Kim Chong-il succession."

Further, some observed that the KPA could support Kim Chong-il. Dr. Kil Chong-u said "High military officials will try to maintain their vested rights by making Kim Chong-il's succession an established fact." "If the retirement of first-generation revolutionaries is determined, and if the transfer of high posts to officers of the Kim Chong-il generation is carried out smoothly, it will spur a climate supporting Kim Chong-il in the military," he said.

Professor Okonogi of Keio University said that "new generations in the KPA are counting on Kim Chong-il." On features characteristic of the KPA, he said: "Opponents to Kim Chong-il have all been eliminated. The KPA, unlike Western armies, belongs to the party. It bears similarity to the Mao Zedong-era Chinese army."

Prof. Chong Yong-sok said that in the short run, KPA members will stage an emulation in swearing allegiance for their career interests. Speculating on sentiments in the military, he said: "They will hold on to their allegiance for awhile but, if the Kim Chong-il leadership should continue to be shaky amid frictions between pro-reform and antireform factions or create a state of anarchy, they may stage a coup d'etat in quest of stability or be drawn into a coup led by the elite in the government. But, for the moment at least, they seem to maintain their loyalty."

Kim Yong-song denied the possibility of a coup by saying: "The reporting and surveillance system is so strict in North Korea that no one can endure it without wearing a mask. A collective subversion is virtually impossible. Chances of a coup are just as little as those of an airplane equipped with up-to-date instruments crashing."

Question 7: What is your assessment of the North Korean people's support for Kim Chong-il?

The question sought an appraisal of public support for Kim Chong-il as compared with that for Kim Il-song. The anticipated outcome was obvious and, as a result, there were relatively few original responses. The views expressed were, generally, that Kim Chong-il seems to enjoy no strong support, and that an incomparably large gap seems to exist between him and his father in terms of public support. An expert described the support for Kim Chong-il as "perfunctory." Yi Pyong-yong, director of the National Unification Research Institute, and So Chae-chin, chief of the North Korea research section of the same institute, presented numerical expressions of the support for the first time. Their analyses accompanying the numbers were also interesting.

They said: "In the absence of adequate objective data today, it is extremely difficult to make an accurate assessment. The limited data available include those obtained from recent interviews with defectors from the North; according to them, at least 40%-50%, and at most 60%-70%, of the North Korean people currently support Kim Chong-il."

"There seem to be, roughly, three reasons that they do not give Kim Chong-il as much support as they gave his father. First, except for the fact that he is Kim Il-song's son, Kim Chong-il has no qualification to be a leader. Second, the North Korean economy has continued to deteriorate since he appeared on the executive stage. Third, distrust of him persists because of his physical and moral defects, as well as past scandals."

"Nevertheless, Kim Chong-il maintains high ratings and this is because he has built his power base in all branches—political, economic, military, and social—since 1973. In addition, he makes relatively accurate judgments on situations at home and abroad by mobilizing defense, party, and even his private intelligence channels. Also, it should not be overlooked that he gets more or less positive ratings from young people for his wild personality and eccentric behavior."

Meanwhile, an expert noted that "although their loyalty to Kim Chong-il, ostensibly at least, is an absolute one, it is the result of brainwashing and inculcation and, therefore, can fade rapidly as the environment changes." Still another expert said "North Korea controls its people through food rations and ruthless political purges. In the future, too, the food situation and the economy will be key factors determining the public's support for Kim Chong-il."

Prof. Yi Yong-hwa, a Korean resident in Japan, who studied for a year at the North Korean Academy of Social Sciences, referred to reasons why Kim Chong-il's approval rating is low, saying "it is because his political debut in the 1970's also marked the beginning of North Korea's economic crisis." "In consequence," he noted, "whenever a bad thing occurs, they put the blame on him." Prof. Chong Yong-sok of Tanguk University observed that "the public support for Kim Chong-il is less than one third of that for his father. It is because he is made a scapegoat for Kim Il-song's economic failure."

Question 8: How do you think Kim Chong-il will handle the nuclear issue?

The survey found the 30 experts holding largely identical views about Pyongyang's nuclear policy under Kim Chong-il. They noted that the basic line of the Kim Il-song era, designed to profit from a freeze while continuing ambiguity, will be carried on, namely, that Kim Chong-il will not abandon the nuclear program. As to reasons, their explanations varied as follows:

A former official responsible for North Korea intelligence: "It is known that the nuclear development program was originally conceived by Kim Il-song, but that Kim Chong-il subsequently took charge of it. Pyongyang could make some compromises in its talks with the United States; however, as far as the nuclear weapons it already developed are concerned, it will hold on to the policy of ambiguity."

Chong Yong-son: "He has no alternative but to carry on the past policy. It is because North Korea's nuclear

policy already has been administered by Kim Chong-il in his style. In addition, it is difficult to expect North Korea to give up the nuclear weapons program as a means to promote its united-front tactics toward the South and to preserve its present system."

Pak Se-chik: "Kim Chong-il will absolutely not abandon the nuclear program, for which North Korea drove its people into the worst poverty. Through the nuclear issue, it could enhance its independence or superiority. Pyongyang believes that giving up the nuclear program means its own fall. It might pledge not to develop any more nuclear weapons; however, it will not abandon the ones it already has developed. So long as the past developments are not clarified, therefore, we cannot say that we have secured transparency on the North Korean nuclear issue. All questions should be resolved once and for all, including past developments."

Kil Chong-u: "The handling of the nuclear issue will become a major factor determining the future of the Kim Chong-il regime. To satisfy the strong demand of the military, among other things, he will make no concessions concerning transparency of the nuclear program."

Thus, in the view of the experts, North Korea will not give up its nuclear program. Its calculation is to hold talks with the United States on the basis of a nuclear freeze and to win economic aid and security for the North Korean state based on better relations with the United States and Japan. In this process, said one of the experts (former official responsible for North Korea intelligence), "it is possible that the United States will just accept an accord on the future transparency and let go the past developments." "In my view, North Korea already has a few nuclear weapons in its possession," he noted. Meanwhile, Prof. Yi Myong-yong said "North Korea will continue to use the nuclear issue as a bargaining chip until the U.S. forces withdraw from South Korea."

Separately from them, the survey found these minority views: "Since resolution of the nuclear issue is a precondition for North Korea's economic recovery, it will be resolved as Pyongyang shifts its course" (Yi Chong-sok) "North Korea will abandon the manufacture of nuclear bombs." (Chong Chae-mun)

The recently-held U.S.-North Korea third-phase talks provided clues to the Kim Chong-il-era nuclear policy. Prof. Yun Tok-min of the Institute of Diplomacy and National Security said that the following three scenarios are possible of Kim Chong-il's nuclear policy: "First, while treating the past involving one or two nuclear bombs as a sanctuary, it will follow the Kim Il-song line to win normalization with the United States, assistance for light-water reactors, and a peace agreement. Second, it will go for mass production of nuclear weapons under the lead of hard-liners who gain power because of Kim Chong-il's lack of charisma (or because of his own hawkish inclination). And third, Kim Chong-il will pledge to abandon the nuclear program outright in

return for normalization of diplomatic relations and economic cooperation should he be a man of large caliber."

Question 9: If Kim Chong-il is to open North Korea to the outside world, how do you think he will do it, and how fast?

The survey found the experts largely in accord in their views again. They predicted that while the opening is inevitable, it will come at a slow pace and in limited spheres. According to them, Kim Chong-il has no other alternatives for several reasons. The North Korean people must come out of poverty and the economy must, first of all, emerge from the minus growth, because only then can the regime survive. Furthermore, he cannot afford to ignore pressures from China, the United States, and other Western nations. Those were the views expressed. A possible scenario of North Korea's opening based on them is as follows:

For an economic breakthrough, North Korea, on the verge of bankruptcy, is forced to opt for a policy of openness. First, it selects the Najin-Sonbong region close to the Tumen River—and in the farthest corner from Pyongyang—for that purpose. After that, it designates several more spots as processing trade zones. But infrastructure, including roads, railways, electricity, and industrial water, are yet to be improved. To make it worse, after Kim Chong-il consolidates his power, stormy days continue and, as a result, foreign investors who came all the way to the Tumen River against all the difficulties, are forced to give up and leave. Eventually, North Korea slides down the road into its last-day crisis as its experiment in limited openness ends in failure.

Comments on methodology for this scenario were also found in the responses. Kil Chong-u: "While positively pushing economic openness in remote regions, Pyongyang will at the same time make a redistribution of regions based on the make-up of population. After that, while keeping a close watch on developments in these regions, it will readjust the speed and scope of the program. In selecting industries to be brought in, it will focus on ones that would practically benefit population and at the same time contribute to holding up the regime in the short run. But, after a certain period of time, if the outcome is found falling short of expectations, and if the policy is viewed as producing a rather negative impact on the regime, North Korea will possibly discontinue the program and return to a closed society."

Yang Ho-min: "In ownership, the program will use the state-run form, but profits will go to the investors. Pyongyang's position is that it allows no private enterprises, agricultural or industrial. However, if productivity is to be improved, the political system should be altered to realize private ownership."

Ryo Hagiwara: "The open policy will not go beyond allowing operations of South Korean companies in limited districts. But, even in this case, free visits and correspondence between North and South Korea will not be authorized."

Masao Okonogi: "The opening, centering on special economic districts, will expand in stages. Emphasis will be put on improving infrastructure with war reparations paid by Japan and on fostering labor-intensive-type export industries with the cooperation of South Korean companies. But the progress in this field will make reform of the regime itself inevitable."

Yi Pyong-yong: "The method of opening will vary on a case-by-case basis. Investments will be made in trade zones; districts for bonded processing plants will be designated in key trade centers like Sinuiju and Nampo, and efforts will be made to promote joint ventures with Chinese and Japanese corporations. To expand exports, the administration of foreign trade will be transferred to local administrative units and production entities, and, as an incentive, they will also be given a free hand on imports. Furthermore, authorities will give tax breaks to enterprises involved, authorize them to use North Korean resources, and guarantee preferential supply of such things as electricity and coal, as well as smooth transportation."

But how far will Kim Chong-il's openness program go? When it comes to this question, there is the possibility of all such hopes proving to be a mere wishful thinking. It is the limitation characteristic of an opening without the necessary reform. Prof. Yi Myong-yong described it as "an opening for obtaining money from the United States and Japan."

According to Prof. Chong Yong-sok of Tanguk University, "North Korea's open policy can hardly be as successful as China's as long as Kim Chong-il stays in power." Explaining, he said: "China's opening was made possible by the death of Mao Zedong. Deng Xiaoping courageously denied Mao's legacy in his push for openness. In Kim Chong-il's case, he is obligated to preserve his father's legacy, and under that burden, he can never go as far as China did with its pragmatism."

Question 10: What do you think should be our position in respect to North Korea's change and national unification?

The question was intended to find out what should be our desirable policy toward North Korea in the new environment of North-South relations. The result: The 30 men gave 30 different answers. To make the question more specific, they were asked "Do you think the Kim Chong-il regime should stay for a prolonged period or collapse as soon as possible?" Of the 30, 21 responded that it should be led to collapse as soon as possible. Some of the diverse views expressed on North Korea policy and unification follow:

Kil Chong-u: "For stability on the Korean peninsula, we need a North Korea policy based on an appeasement line treating the Kim Chong-il regime as an established fact. To meet medium- and long-term needs, we need to readjust the content and speed of our North Korea policy while keeping a close watch on Kim Chong-il's leadership style and his men and policies. It is also necessary to

unequivocally convey to the North Korean leadership our views of how North-South relations should be."

Ryo Hagiwara: "The Kim Chong-il regime should collapse as soon as possible and the North Korean people should be freed from sufferings and hunger. However, aftereffects of the 50 years of dictatorship will not be resolved readily. First of all, the United States and Russia, Japan and China, and South Korea should have a sense of responsibility for what drove North Korea into where it is now."

Yi Pyong-yong: "The Kim Chong-il regime is an extension of the Kim Il-song regime. Since it will pursue virtually the same policies, it is difficult to expect substantial progress in North-South relations. Kim Chong-il should fall out of power at an early date."

So Tong-kwon, former ANSP director: "Seizing on the opportunity provided by the transfer of power to Kim Chong-il, we should take the initiative in North-South relations. The present North Korean system should come to disintegration as soon as possible to make way for a democratic government with which we can have dialogue."

Pak Se-chik: "In my view, a gradual change is more desirable than a rapid collapse of the Kim Chong-il regime, so that we can prepare for unification. In that sense, we should cooperate with China and Russia to develop the Tumen River and Maritime Province regions, to improve the living conditions of Korean minorities in these regions, and to pave the way for unification."

A former high official who requested anonymity: "Most urgent now is the need to readjust functions of our unification-related ministries and agencies. For instance, the National Unification Board [NUB] is tied down to North-South talks. North-South talks are neither the primary job of the NUB nor a means to achieve unification. The NUB should be busy drawing a master plan for what should be done in the new environment of North-South relations."

Ko Tae-u: "We should be prepared for North Korea's collapse. There is no need to fear now the cost or aftereffects of unification. Anyway, North Korea is bound to collapse. It should be left to collapse as soon as possible. And we should bring it to collapse."

Yang Ho-min: "Our system, while well developed economically, also has many negative byproducts such as speculations, smuggling, and drugs. With these things remaining unabated, it would be difficult for us to propose unification under our system. What we need now is, precisely, social reform."

Yi Chong-sok: "A chaotic situation in North Korea has an impact on South Korea. Also, we have no capability to bear the enormous cost of unification. So, in my view,

it will be in the interest of unification if the Kim Chong-il regime stays on while reforming North Korea on a gradual basis."

Chon In-yong: "Some say 'let's not hasten unification' and they avoid making the necessary preparations for unification. Others are eager to point fingers at North Korea regarding whatever problems, but are unwilling to examine problems on our side. One thing clear is that the North is our brethren with whom we must coexist."

Yi Myong-yong: "There is a need for leading China's Korean peninsula policy on a line consistent with our position. China is conducting dual diplomacy seeking economic cooperation with us while retaining its political, friendly ties with North Korea. In other words, North Korea is its 'legal wife' and South Korea its 'mistress.' China is hoping that the Kim Chong-il regime will last for the time being, but we must convince the Chinese Government through diplomatic efforts that it is not in the interest of the North Korean people or Korea's unification."

Chong Ki-hae: "If peace is to reign on the Korean peninsula, the United States should pressure North Korea into dealing only with South Korea. In my view, only by preventing it from dealing with others can there be an economic intercourse enabling North and South Korea to find a satisfactory solution to problems between them."

Yun Tok-min: "It is necessary to establish a firm principle. Our principle should be that we approach the issues of North Korea's change and unification within the scope that does not hurt peace and prosperity on the Korean peninsula, nor justice for us."

PRC's Li Peng Holds News Conference 4 Nov

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[News conference by PRC Premier Li Peng held at the Cheju Silla Hotel on Cheju Island—live, in Chinese with passage by passage translation into Korean; translated from Korean]

[FBIS Translated Text] [Unidentified speaker] Good morning, ladies and gentlemen. Before concluding his official visit to the ROK, Premier Li Peng is going to meet with Chinese and foreign reporters, discuss his current visit, and answer your questions.

[Li Peng] How are you, ladies and gentleman? At the invitation of his excellency President Kim Yong-sam, I have just paid an official visit to the ROK. During my stay, I had broad-ranging, in-depth, and friendly talks with his excellency President Kim Yong-sam on international and regional affairs as well as (economic) issues. During my stay, I met with various political figures from the ROK; paid courtesy calls on the prime minister and the National Assembly speaker; and visited representative enterprises.

Before the conclusion of my visit, we are visiting Cheju Island, which has beautiful scenery. I feel my visit was greatly tinged with a poetic touch, and I am satisfied. Availing myself of this opportunity, I can say my visit has achieved satisfactory and good success.

Now, I will answer your questions.

[KBS reporter Yi Hyon-chu] I am reporter Yi Hyon-chu from KBS. As a result of the Geneva talks being settled between the United States and North Korea, public attention has now shifted to how North Korea will implement its promises in the future and to whether Pyongyang will do so. China's role is very important in this respect. What role do you think China can play?

[Li Peng] First, we welcome the agreed framework reached between the United States and Korea [choson] concerning the solution of the nuclear issue. I think the settlement of the latest agreement can be helpful in easing the situation [chongse] on the Korean peninsula and throughout the region.

The Chinese Government wants to see the implementation of the latest agreement, and we will support the implementation of the agreement in our own way.

[KUNGMIN ILBO reporter Ham Tong-kun] I am Ham Tong-kun from KUNGMIN ILBO. At present, the ROK Government regards the armistice system as still valid, and assumes a stance that the issue of replacing the armistice agreement with a peace agreement should be directly discussed between the North and South in accordance with the spirit of the agreement. On the other hand, North Korea insists the armistice should be replaced with a peace agreement, and that it should be discussed only with the United States. What is the stance of the Chinese Government on this?

[Li Peng] China has a deep interest in peace and stability on the Korean peninsula. Likewise, China has great expectations for stability and peace, and for the climate of its neighboring countries.

I think the North, the South, and the countries concerned should agree on replacing the system, and should endeavor to do so before a new system is established. I think not only the North and the South, but also various countries concerned, should participate in the process of establishing a new peace system on the Korean peninsula.

[Unidentified Chinese Central Broadcasting Network Television reporter] I am a reporter from the Chinese Central Broadcasting Network Television. During your excellency's stay in the ROK, you looked around three industrial complexes, including that of Hyundai. Does this mean that cooperative relations between Chinese and ROK businesses will further develop? In addition, the two sides agreed during the summit that bilateral cooperative relations should be further expanded.

Regarding this, I would like to know whether this signals closer cooperation in the car and shipbuilding industries in the future.

[Li Peng] First, I would like to tell you that since my visit to the ROK was short, I visited only a few industrial complexes. If there were more time, I would have visited more companies.

I have looked around the industrial complexes of three companies that engage in high technology and that are widely known in the ROK. The ROK Government proposed I visit these three businesses.

Of course, there are many other prominent businesses, including Pohang Iron and Steel Company. I regret I had no time to inspect these prominent businesses.

My visit to the ROK had an economic nature. During my stay, the two sides inked an aviation agreement, an agreement on jointly developing medium airplanes, and an agreement on the peaceful use of nuclear energy. Regarding cooperation in the auto industry, the two sides have already reached an agreement along with the agreements on jointly developing airplanes, the electronic exchangers industry, and high definition television.

The conclusion of the agreement on the peaceful use of nuclear energy will pave the way for the two sides to further cooperate in this field as well.

[Unidentified Chinese reporter] China has maintained friendly relations with the DPRK until now. In the wake of the establishment of diplomatic relations between China and the ROK two years ago, these two countries have also come to have amicable relations. I think your current visit to the ROK prior to visiting the DPRK will influence the development in relations between China and the DPRK. What is your opinion on this?

[Li Peng] China has carried out a diplomatic policy that values peace and that places a major importance on amicable relations.

In dealing with foreign relations, the PRC does not take ideology or the social system as the standard. As long as the principle of peaceful coexistence is maintained, we can smoothly develop relations with all the countries. We can maintain such good relations with both the North and the South of the peninsula. Such a policy of the PRC is beneficial to the stability of the peninsula and meets the interests of the people of the North and the South of the peninsula.

[SEOUL SINMUN Reporter Yi Tu-won] I am Yi Tu-won from SEOUL SINMUN. Will the PRC participate in the international consortium to support the construction of North Korea's light-water reactors? If it does, what kind of role does it expect to play? During your stay in the ROK, did you receive any request from the ROK Government regarding the participation in the consortium?

[Li] As I have just mentioned, the PRC welcomes the agreement and supports the implementation of the agreement. The PRC will support the implementation of the agreement in its own way. For example, regarding the nuclear inspection issue, the PRC has maintained the position that the issue should be resolved through dialogue and negotiations. The PRC will continue maintaining the position in a way unique and appropriate for the PRC's situation.

[MBC-TV Reporter Sin Kyong-min] I am Sin Kyong-min from MBC-TV. The people of the ROK, as well as the PRC, have been interested in the current developments in North Korea. The ROK people are very concerned about the power succession in North Korea and Secretary Kim Chong-il's health. Do you have any information regarding this?

[Li] The DPRK is a sovereign country. Even though the PRC maintains good relations with the DPRK, we do not know everything about the internal affairs of the DPRK. We are also very concerned about what you have just asked. However, I do not have further information. If you discover more, I would appreciate it if you could let me know. You journalists have more sources.

[XINHUA NEWS AGENCY reporter] I am a XINHUA reporter. Mr. Premier, you just said the PRC supports the U.S.-DPRK agreed framework. How would your visit to the ROK affect the peace and stability of the peninsula?

[Li] My visit to the ROK is an official visit. During my stay, I exchanged views with President Kim Yong-sam on a broad range of issues concerning the situation of the peninsula and bilateral relations. The visit will of course help the peace and stability of the peninsula. As the talks were mainly about bilateral issues, the visit will help promote cooperation in economic, political, cultural, sports, and various fields between the PRC and the ROK.

[SEGYE ILBO Reporter Kuk Ki-yeon] I am Kuk Ki-yeon from SEGYE ILBO. The ROK position is that North-South dialogue is imperative for the complete resolution of the North Korean nuclear issue and the peace and stability of the Korean peninsula. I understand that the PRC supports North-South dialogue in its hope for the stability of the Korean peninsula. Is the PRC willing to persuade North Korea to resume North-South dialogue?

[Li] We think that multistage and multilateral dialogue, including North-South dialogue, is required for the stability of the situation of the Korean peninsula. We support North-South dialogue.

[CHUNGANG ILBO reporter Choe Sang-yeon] I am Choe Sang-yeon of CHUNGANG ILBO. China has successfully carried out its reform and openness policies according to the strong leadership ideology of the paramount leader Deng Xiaoping. How is Deng Xiaoping's

health? Can you tell us about policies for social stability in the aftermath of Deng Xiaoping's system since he is now 90 years old?

[Li Peng] Reporters here will think that this matter is a very sensitive issue, but I will willingly answer these questions. Up until now, there have been three generations in China's core leadership. Deng Xiaoping took part in the first and second generations of the core leadership, and China's economy developed greatly through the reform and openness policies being initiated by him, and the people's living standard has also been enhanced. A complete theoretical system has already been established on building socialism with Chinese characteristics. Our people respect Deng Xiaoping very much and say that he is the overall designer of our reform and openness.

The core leadership of our first generation was centered on President Mao Zedong. As one of the members of the leadership system, Deng Xiaoping made great contributions in founding the republic.

The theory on building socialism with Chinese characteristics was put forth by Deng Xiaoping. This theory has already been deeply rooted in China. Therefore, it will be able to receive support from the people on a long-term basis.

The third generation leadership system is being established in China with Jiang Zemin at the core. A new leadership system centered on President Jiang Zemin has been united and since it has power, I am of the firm belief that the third generation of leadership will carry out its work for China well. Therefore, I believe that you do not have to have doubts about China's situation. Many rumors may spread regarding China in the future, but they don't have to be believed.

[Unidentified Hong Kong reporter] I am a reporter from Hong Kong. I would like to hear about the Hong Kong issue. An agreement has been reached between China and Great Britain regarding this matter. What is your view, and how do you view the bill which will be passed at the Hong Kong legislative body?

[Li Peng] Plainly speaking, I don't like to answer this question. It is not that I cannot answer it, but it is not an appropriate place to answer such a question. Since I am in Cheju Island visiting the ROK, it is not an appropriate place to answer questions on the Hong Kong issue.

I believe that you are very familiar with our position on the Hong Kong issue. When dealing with the Hong Kong issue, we adhere to the world's principles which are based on the combined joint statement between China and Great Britain, basic laws, and the agreement already reached regarding the Hong Kong issue between China and Great Britain. As planned, Hong Kong's sovereignty will be restored according to schedule. We will also work for Hong Kong's long term stability and prosperity. We will support all acts and understanding favorable to

Hong Kong's long-term stability and prosperity and oppose anything that is unfavorable.

[Unidentified RENMIN RIBAO reporter] Your excellency prime minister has visited the ROK for the first time since the normalization of PRC-ROK relations. You visited Seoul, Pusan, and Cheju. What is your impression of the ROK?

[Li Peng] I have a very good impression. My visit to the ROK was very brief. Through the visit, however, I learned the ROK has developed its economy very effectively in a short period, and has many modernized enterprises and well-organized markets. In this aspect, there are many things China should learn from the ROK, and there are many fields in which China and the ROK should cooperate.

I believe every country has its own merits and demerits. However, I could not see the ROK's demerits during my visit, probably because I traveled the country by plane and high-speed car.

[SBS reporter Pae Song-nae] It is anticipated that the conclusion of the North Korea-U.S. Geneva negotiations will change the situation on the Korean peninsula. Above all, the Geneva agreement is expected to serve as a momentum for North Korea to accelerate its own reform and opening up. First, I would like to ask you how China can support North Korea's reform and opening up. Second, the ROK people expected PRC President Jiang Zemin would visit the ROK before Prime Minister Li Peng. Would you please tell us about President Jiang Zemin's plans to visit the ROK?

[Li Peng] I agree that the adoption of the U.S.-DPRK agreed framework is advantageous [yurihada] for security and peace on the Korean peninsula. I think this can help both South and North Korea develop their economies and the people's standard of living, and has provided momentum for them to do so.

I think a country's policies, the direction in which it goes, and its social system should be decided by the people and the government of that country. China always stands on the position that it never interferes in the domestic affairs of foreign countries, and China will not forcibly export its own model of reform and opening up to foreign countries.

If the two have a willingness to exchange their experience in the economic construction of their respective country, we welcome it. The door to China is open.

During his visit to China in March, his excellency President Kim Yong-sam expressed his intent to invite President Jiang Zemin, and the latter immediately and willingly accepted. The two presidents will meet at a nonofficial meeting of leaders at the Asia-Pacific Economic Cooperation to be held in a few days. I had an opportunity to see the itinerary of the meeting, and according to it, the two presidents are supposed to meet.

President Jiang Zemin is interested in smoothly developing relations between China and the ROK. He is also interested in my visit, and seems to want to visit the ROK and see the developed country himself. Our two Foreign Ministries can conduct negotiations through diplomatic channels on a concrete plan for his visit, and I think his ROK visit can be realized at a time suiting both sides' convenience.

Thank you.

Departs Seoul for PRC 4 Nov

SK0411130594 Seoul KBS-1 Television Network in Korean 1237 GMT 4 Nov 94

[FBIS Translated Excerpt] Chinese Premier Li Peng left Seoul this afternoon after ending his five-day visit to our country. In his news conference held before his departure, Premier Li Peng stated that the ROK should be included among the parties to the talks if the Armistice Agreement is replaced with a peace agreement. Such remarks by Premier Li Peng deeply attract the people's attention, because they indicate that a considerable degree of changes have taken place in the attitude of China, which has unilaterally supported the North Korean position. [passage omitted on Premier Li Peng's remarks during news conference]

Media Sums Up Li Peng's Five-Day Visit

SK0411093994

[FBIS Editorial Report] The following is a compilation of articles and an editorial published in the 4 November vernacular Korean language newspapers which deal with PRC Premier Li Peng's five-day visit to the ROK.

The moderate HANGUK ILBO carries on page 2 a 600-word article entitled "Regret Over Some Points in Premier Li Peng's Visit to the ROK" written by political reporter Ko Tae-song in the column "Reporter's Eye" which deals with Premier Li Peng's "economic itinerary" by touching upon his visits to automobile and other plants in Pupyong, Kihung, Changwon, and Ulsan. The article expresses a certain level of dissatisfaction over the nature of his visit, saying that with Premier Li Peng's visit, the PRC seems to be trying to lay the emphasis—more than ever before—on the economic relations between the ROK and the PRC, rather than on the political relations, and that Li reportedly made as few political remarks as possible in his talks with President Kim Yong-sam.

The article also cites a statement issued by PRC Foreign Ministry spokesman Shen Guofang, who was accompanying Premier Li, in which he reiterated the need to replace the armistice agreement with a peace agreement, thus giving the strong impression that the PRC is siding with North Korea. The article states: If we go to extremes in the expression of our opinion, even in Seoul, the PRC side conveyed "a message to the North" aimed at relieving North Korea from anxiety.

The article concludes by saying: "If the PRC is of the position of trying to take only what it needs from the ROK, while feeling self-conscious about North Korea, we had better not relax our vigilance in this regard, either."

The independent moderate MAEIL KYONGJE SINMUN carries on page 3 an editorial which wraps up PRC Premier Li Peng's visit to the ROK saying that Premier Li has left the impression—by spending most of his time meeting with ROK businessmen and inspecting industrial facilities—that he attached importance to the practical profit-taking diplomacy related to economic cooperation rather than to the discussion of political issues. By touching upon the statement issued by PRC Foreign Ministry spokesman Shen Guofang, the editorial interprets this as providing us with the opportunity to think again that the PRC still remains the other party standing in a far-away land from us.

The editorial expresses embarrassment over the above-mentioned statement, which sympathizes with North Korea's propaganda on the united front, and over the fact that PRC President Jiang Zemin, who ought to have returned the visits by ROK presidents who have gone to the PRC on two occasions, was meeting with a North Korean delegation in Beijing and emphasizing the Chinese-North friendship at a time when Premier Li was visiting the ROK. Calling the PRC's diplomacy "a double-minded one," the editorial is also taking issue with the fact that, in spite of the conclusion of agreements on aviation and atomic energy, there was a failure to reach a settlement on the joint development of automobiles, medium-sized aircraft, and others.

In conclusion, the editorial tries to attach significance to the very fact that Premier Li actually paid a visit to the ROK, saying that "well begun is half done."

The moderate CHUNGANG ILBO carries on page 3 an article written by reporter Kang Yong-chin, which analyzes Premier Li's visit to the ROK as being economic in nature, reviewing the "Temporary Agreement on Aviation Transportation," "Cooperation Agreement on the Peaceful Use of Atomic Energy," and "Agreement on Cooperation and Development of Civil Aircraft," which have been concluded, and the two countries' agreement on promoting economic cooperation in such a way as to intensify the activities of the Industrial Cooperation Committee, whose formation was agreed upon during President Kim's visit to the PRC last March.

Unlike the aforementioned article and editorial, this CHUNGANG ILBO article brings up a cautious objection to the public view that Premier Li's visit focused only on economic matters, saying that, at a delicate time when an agreement has been reached between the North and the United States and when North Korea has not yet finalized Kim Chong-il's succession of power, the fact that the PRC premier visited the ROK can be construed as showing that the visit must have involved a considerable amount of resolve on the Chinese part. The editorial

further says that Premier Li was accompanied by Foreign Minister Qian Qichen, who has met with his ROK counterpart Han Sung-chu on as many as nine occasions and, thus, the two foreign ministers can lay bare their hearts to each other, while adding that this fact shows that the PRC may have attempted to send a message to North Korea in its own way.

The editorial says: "In reality, in the talks between President Kim and Premier Li, and between Foreign Ministers Han and Qian, the two countries reached a consensus [hapui] in political matters by sharing their views that the South-North dialogue is necessary to realize the smooth implementation of the North-U.S. agreement and the stabilization of the Korean peninsula. Accordingly, it is proper to evaluate his visit as 'a cautious step, but a new step which has been made in ROK-PRC relations.'"

While touching upon the PRC position supporting North Korea in connection with the withdrawal of the Armistice Commission, which was reiterated by a spokesman for the PRC Foreign Ministry, the editorial says that this act, which was done while an important diplomatic event was taking place in the country which Premier Li is visiting, was enough to incur our displeasure.

The editorial, sums up Premier Li's visit by calling it a cautious first step toward consolidating the two countries' relations of economic cooperation, as well as toward promoting their political relations.

Results of Li's Visit Analyzed

SK0411031294 Seoul YONHAP in English 0302 GMT 4 Nov 94

[Report by Yi Dong-min]

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—South Korea and China shopped for different things during Prime Minister Li Peng's visit this week but each found a gift to its liking.

Li had the economy in mind while South Korea cared more about things political. What made these two different ends meet was the two countries' willingness to provide what the other wanted.

Beijing made it no secret that it was focusing on economic cooperation in sending Li. The Chinese premier spent three of his five days in South Korea touring industrial sites and dining with prominent businessmen.

Li himself said at his farewell press conference Friday that his purpose had been primarily economic.

South Korean officials were hoping that Seoul-Beijing relations, already more than satisfactory on the economic side, would tilt a little more to the political side with Li's visit.

A casual glance at Li's activities shows China got more of what it wanted, but officials say South Korea did its business, too.

China, in its own way, explicitly supported Seoul's position on inter-Korean matters, including dialogue and resolution of the nuclear issue, they say.

Li told the press conference China will support the North Korea-U.S. nuclear agreement "in its own unique way." He was lucid when it came to inter-Korean dialogue, saying he wanted to see "multiphased, multifaceted" talks open since they would contribute to stability on the Korean peninsula.

Stronger words came from Chinese Foreign Minister Qian Qichen, who told his South Korean counterpart Han Sung-chu that inter-Korean dialogue must resume in order to implement the nuclear agreement successfully.

Li's words of support may not be strong enough to meet Seoul's wishes. Some say the true test of Seoul-Beijing ties will come when Chinese President Jiang Zemin visits Seoul for the "real" summit.

But officials say it's important that Beijing remain on good terms with North Korea and maintain its influence.

Within these allowed boundaries, Li's visit itself and his comments did send a message to North Korea and strengthen Seoul-Beijing ties, the officials say, especially during the period of power transition in Pyongyang.

The economic fruits of Li's visit are worthy of themselves. The two countries signed agreements on cooperating in the peaceful use of nuclear energy and on cooperative development of civilian aircraft. These are yet further additions to firmer economic links.

Later on, they will sign sub-agreements on nuclear survey reactor construction, which could make possible South Korean reactor exports to China.

Beijing may be the pace-setter in developing relations with Seoul, but considering the scant two years since diplomatic normalization, ties are expanding piece by piece.

Li Receives Negative Response

SK0411022294 Seoul THE KOREA HERALD in English 4 Nov 94 p 2

[Article by staff reporter Kim Hye-won]

[FBIS Transcribed Text] Despite the symbolic value which his ongoing South Korea visit has in relations between South Korea and China, Prime Minister Li Peng appears to fail in obtaining a positive response from the South Korean news media.

Critical comments by local papers seem to be mainly related with a series of moves that China has taken recently before Li's Seoul trip, apparently conscious of North Korea.

But more fundamentally, these criticisms may stem from the South Korean people's resistance against China's so-called equi-distance policy toward the two Koreas.

In fact, South Korean media was dissatisfied over the news that Premier Li would come to Seoul, not President Jiang Zemin. Many people believed that it is now time for the Chinese president to come to Seoul, for the country has not reciprocated the Beijing visits by the then President No Tae-u in 1992 and President Kim Yong-sam earlier this year.

The North Korean announcement on China's withdrawal from the Armistice Commission, which was made immediately before Li's Seoul visit, further upset the South Koreans.

A flurry of questions concerning the Chinese decision were poured on Shen Guofang, a spokesman for the Chinese Foreign Ministry, during the two sessions of news briefing he had in Seoul this week.

But the spokesman was far short of satisfying the Korean reporters. He made it clear the Chinese support for replacing the Armistice Agreement with a new peace system but avoided answering the question of who should be the parties for the new system.

The spokesman remained equivocal. During the first news briefing Monday, he said the "parties concerned" should seek ways to set up a new peace system. He was a little more specific the next day. "South Korea should play a role."

North Korea claims that a peace pact should be concluded between it and the United States on the grounds that the South was not a signatory of the Armistice Agreement.

South Korea refused to sign the accord in 1953, saying that by signing it, it would have recognized the division of the Korean Peninsula. As a result, only the United States, representing the U.N. Command, China and North Korea signed it.

Seoul officials now insist that any arrangement to settle peace on this peninsula must be made between the two Koreas.

Li Peng's itinerary in South Korea, which is full of meetings with businessmen and inspections of industrial sites, also helped fan the South Korean suspicions that China is seeking economic interests from South Korea while maintaining good political ties with the North.

A REUTER photo which was printed on a local daily Wednesday well described the present status of China's Korea policy.

The picture showed the front page of the Nov. 1 issue of the People's Daily of China. There, printed side by side, a photo of Premier Li and his wife posing with South Korean President Kim and his wife and another photo

which depicts a scene of a North Korean official paying a visit to President Jiang Zemin.

The Chinese Embassy in Seoul was not very good at handling the South Korean media, either.

Premier Li was expected to hold a news conference during his Seoul visit.

But the itinerary of Li in Seoul, which was distributed to journalists immediately before his arrival, didn't include any schedule of a news conference. Instead, Li was to have exclusive interviews with a television company and a local daily.

The Chinese Embassy planned two news briefings by a Foreign Ministry spokesman for the journalists of the other news companies—at 9:30 PM Monday and 2 PM Tuesday.

The decision, of course, brought on strong resistance from the other media companies.

The embassy finally canceled the two exclusive interviews with the KBS and TONG-A ILBO. Instead, it said there will be a news conference at the Cheju Shilla Hotel at 9 AM today when Premier Li is supposed to have met TONG-A ILBO.

Journalists from over 20 different news organizations have left for Cheju-do to cover the 30-minute event.

Kim Tae-chung Meets With Chinese Leaders 4 Nov

SK0411075894 Seoul YONHAP in English 0714 GMT 4 Nov 94

[FBIS Transcribed Text] Beijing, Nov. 4 (YONHAP)—The visiting chairman of the Asia-Pacific Peace Foundation, Kim Tae-chung, met with Chinese Communist Party and government leaders including Li Shuzheng, head of the Communist Party's International Liaison Department, and Vice Foreign Minister Jiang Enzhu to discuss Korean problems and bilateral relations between Seoul and Beijing.

The chairman requested that China help move inter-Korean reconciliation forward, while praising Beijing's contributions to stability and peace on the Korean peninsula and to settling the North Korean nuclear issue.

Prior to these talks, Kim met with Li Ruihuan, chairman of the Eighth National Committee of the Chinese People's Political Consultative Conference, to discuss issues of mutual interest such as South-North Korean relations.

Since diplomatic normalization in 1992, bilateral relations have been developing smoothly and Kim's visit will be conducive to furthering the two nations' friendly ties, the official XINHUA news agency quoted Li as saying.

Ministry: South Outpacing Taiwan in Exports

SK0411012294 Seoul YONHAP in English 0032 GMT 4 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—South Korea outstripped Taiwan in exports during the January-September period this year with 67.4 billion U.S. dollars versus 66.8 billion dollars, the Ministry of Trade, Industry and Energy said Friday.

A ministry official forecast that South Korean exports by year-end will far surpass those of Taiwan as the former's export increase rate is showing an average 13.6 percent in comparison with Taiwan's 5.7 percent.

The gap between the two countries is expected to widen further as South Korean exports normally pick up toward the end of the year while Taiwan, whose major export items are light industry, electric and electronics products, is not favored by a year-end export rush, the official said.

South Korea had been outpaced by Taiwan ever since it last topped its rival in 1988 by 60.7 billion to 60.6 billion dollars.

South Korea will become the world's 12th largest exporter, one step up from the present 13th, if it edges out Taiwan by the end of this year.

Another ministry source said that during the coming two to three years, South Korea is expected to maintain its export superiority over Taiwan due to vigorous investment in production facilities and a green light for the export of semiconductors, automobiles and ships.

Australian Premier Welcomes Kim's Planned Visit

SK0311130094 Seoul YONHAP in English 1009 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—Australian Prime Minister P.J. Keating said on Thursday President Kim Yong-sam's planned visit to his country would be an "important further step in the deepening of bilateral relationship."

In a statement released through the Australian Embassy in Seoul, Keating, announcing President Kim's visit to Canberra, said his country's relations with South Korea are among Canberra's most important external linkages.

Noting President Kim and himself worked together in promoting the Asia-Pacific Economic Council (APEC), the Aussie Premier said, "We will discuss important regional economic and security issues in which we share significant common interest" during President Kim's visit to his country.

Defense Ministry Announces 1995 Defense Budget

SK0411103994 Seoul YONHAP in English 1022 GMT 4 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—Next year's defense outlays are tentatively set at

11,074.4 billion won, up 9.9 percent over this year's, the Defense Ministry reported Friday.

The amount, representing 3.3 percent of the gross national product (GNP), is subject to reviews by the ruling Democratic Liberal Party and the National Assembly. This year's defense expenses account for 3.5 percent of GNP.

The '95 total defense cost breaks down to 7,847.7 billion won in operations and maintenance expenses and 3,226.7 billion won in battle ability maintenance cost.

"The '95 defense budget has been formulated with emphasis on building up the ability to carry out modern war and on securing able manpower," a ministry official said.

Due accent was also given to improving service environment and rationalizing unit operations expenses so as to enhance the morale of officers and men, he said.

Monthly non-commissioned officers' allowance will be raised from 70,000 won to 80,000 won; feeding cost from 2,231 won to 2,586 won a day per person; and unit operations expenses by 62 percent from 5,014,000 won to 7,769,000 won a month in the case of division-level units, the official said.

The battle ability maintenance cost includes 1,511.5 billion won for the purchase of such hardwares as fighter planes and submarines, 806.9 billion won in basic battle ability expenses, and 133.9 billion for bolstering the existing ability, and 302.2 billion won for increasing the ability to carry on a war, he added.

Atomic Research Group on Computer Damage Report

SK0411061094 Seoul YONHAP in English 0601 GMT 4 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—The Korea Atomic Energy Research Institute (KAERI) said Friday it is looking into possible damage to its computer system, commenting on foreign news reports that a young British hacker has taken information out of the system.

An official said chances are high that the hacker has infiltrated the institute's computer system because it is linked to the worldwide Internet system.

But the possibility is slim that engineering data on atomic power plant construction were stolen because some 1,200 items of confidential nuclear engineering data, such as those on reactor systems and fuel rod design, are stored separately with retrieval made independently of other data only when they are needed, he added.

In addition, multiple passwords are used when these data are retrieved in order to protect them from computer viruses and hackers.

But general information available to the public, such as bibliographies, might have been stolen and the institute is investigating whether the British hacker swiped such information, the official said.

The KAERI's computer system is made up of CDC Cyber-960 and 970 models as host computers and some 200 workstations linked thereto.

Infiltration by Hacker Denied

SK0411104094 Seoul YONHAP in English 1025 GMT 4 Nov 94

[FBIS Transcribed Text] Taejon, Nov. 4 (YONHAP)—Two leading South Korean institutes on Friday denied the infiltration by a foreign hacker into their computer system.

"About ten of our data experts carefully examined our computer system, but found no traces of any infiltration by a hacker," a spokesman for the Korea Atomic Energy Research Institute (KAERI) said.

A similar denial was made by an official of the Korea Aero-space Research Institute.

The denial came after THE WASHINGTON TIMES reportedly said a young British hacker infiltrated into the computer system of KAERI to siphon off classified information.

The KAERI earlier said the Korean victim of the British hacker might be not KAERI but KARI (Aero-space Research Institute) in view of the fact that the initials of the two institutes resemble each other and that the hacker infiltrated into mostly aerospace-related institutes like the NASA.

Election Committee Rejects Pak as NDP Head

SK0311125194 Seoul YONHAP in English 0854 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The Central Election Management Committee on Thursday refused to recognize Pak Chan-chong as head of the splinter New Democratic Party [NDP] by turning down an application filed by Pak for the change of party head.

By rejecting the application, the election committee has in effect branded as illegal the party's special national convention staged on last Oct. 10 by Pak and his followers in defiance of objection from the mainstreamers led by Kim Tong-kil.

The convention chose Pak Chan-chong as the sole head of the party which had theretofore been co-headed by Pak and Kim Tong-kil.

The election committee said it was rejecting the application because Chong Sang-ku who presided over the special convention was not duly qualified to chair it.

President Kim 'Resolved' To Renew State Policy

SK0411070394 Seoul YONHAP in English 0646 GMT 4 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—With his second year at the helm drawing to a close, President Kim Yong-sam seems resolved to launch another massive reform drive to renovate state affairs.

There is every reason to believe the nation's leader will revive his earlier aspirations and pledges for "reform and change" proclaimed in a ceremony at the National Assembly in cold and windy weather on Feb. 25 last year.

From the outset, he has injected new spirit into all social strata, starting with government officials' asset registration and implementation of the real-name financial transaction system.

The people responded by giving a big hand to Kim's reforms, particularly in the political and military fields, and to his attack on corruption-riddled officialdom.

However, the situation changed in his second year as anti-reform forces re-emerged and those with vested interests resisted Kim's reform policies. Their resistance escalated amid a series of large-scale accidents, government failure at personnel management and officials' "don't-rock-the-boat" attitudes. A wag called such behavior "prostration without moving one's body, only moving one's eyes."

Naturally, Kim's reform drive and achievements in various fields became fainter and the president himself acknowledged that fact.

Kim's aides at Chongwadae [presidential offices], the presidential mansion, and other advisers are reportedly recommending renewal to steer the country in the right direction by placing top priority on selecting competent persons regardless of their personal affiliations.

In this connection, President Kim's selection of Choe Pyong-yol as Seoul city mayor is interpreted by political observers as auguring a fresh beginning so he can keep his inauguration promise to create a new country.

"President Kim will not turn the clock back no matter how difficult the reform drive is," a high-ranking official at Chongwadae said.

In reality, Kim is reportedly listening to wide-ranging recommendations from his men in the office and state policy advisers from all walks of life.

The president has repeatedly emphasized the necessity for a fresh start to his secretaries and the ruling Democratic Liberal Party, and he still feels that heeding public opinion is essential.

The observers say he will carry out a sweeping reshuffle of the cabinet and the ruling party toward year's end or in early 1995, sometime after his tour of the Philippines,

Indonesia and Australia including the Asia-Pacific Economic Cooperation (APEC) summit in November.

Sources at Chongwadae predict that Kim's preparation for his "second inauguration" will influence all levels of society and that his new reforms will probably be more effective than those of the past.

DLP Chairman Apologizes for No's Criticism

SK0411093394 Seoul YONHAP in English 0833 GMT 4 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—Ruling Democratic Liberal Party [DLP] Chairman Kim Chong-pil apologized to President Kim Yong-sam Friday morning for failing to prevent Rep. No Chae-pong from criticizing the government's policy on North Korea and the president's handling of state affairs, party officials said.

"I am to blame," the chairman told the president in a weekly meeting at Chongwadae [presidential offices] to discuss party affairs, according to the officials, who added that President Kim did not comment on the matter.

Chairman Kim returned to his office at the National Assembly building in Yoido, central Seoul, after the meeting to inform Party Secretary General Mun Chong-su of the contents of the weekly briefing, the officials said.

"Chairman Kim delivered an apology to President Kim," Mun noted. "We have no plans to convene a party disciplinary committee and I received no instructions from Chairman Kim on the matter concerning Rep. No."

Mun's remarks are viewed as reflecting the ruling party's desire to conclude the matter after Chairman Kim apologized to President Kim over the controversy created by No's criticism.

Engineering Group Issues Bridge Collapse Report

SK0411081894 Seoul YONHAP in English 0744 GMT 4 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—The collapse of Seoul's Songsu Bridge late last month was caused by faulty welding of truss beams and cracks in the bridge road surface due to accumulated fatigue in the steel plate resulting from the passage of heavy vehicles, the Korea Civil Engineering Society said in an interim investigation report on the accident released Friday.

The welding of vertical beams supporting the load in the bridge's collapsed section was done not in the X form but in the I form, resulting in a load concentration on these beams, it said.

In addition, lax traffic control on the bridge caused the fatigue cracks in its road surface, the report added.

The truss beams were designed to handle a maximum 24 tons, and the faulty vertical beam welding rendered the beams unable to support any overload.

Moreover, the slant of the pin plate connected to the vertical beam's flange was so steep that the plate could invite a 40-percent concentration of stress in the worst case.

Poor maintenance caused the bridge to suffer fatigue and cracks, and the traffic of super-heavy trucks worsened the cracks.

The welded part of a vertical beam in the eastern truss was first disconnected and then two more beams were cut down continuously, causing the bridge to plunge into the river, the report concluded.

The society said it would publish a final report after precision investigations, including tests of materials and mathematical checks of the bridge structure.

Prosecution Decides on Arrest Warrant for Yi

SK0411055194 Seoul YONHAP in English 0540 GMT 4 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—In its ongoing probe of the Songsu Bridge collapse, the prosecution decided to seek an arrest warrant Friday [4 November] for former Seoul City Mayor Yi Won-chong on charges of accidental homicide for not taking specific action despite having recognized the perilous state of the bridge.

During overnight questioning of Yi, who was summoned Thursday, authorities determined that he neglected his duty by not working out tangible safety measures after receiving instructions to initiate special checks of Seoul bridges from the president, the prime minister and the Board of Audit and Inspection. Moreover, the press pointed out the danger of the bridge collapsing several times.

The ex-mayor also ignored the top two leaders' orders to conduct regular safety examinations of the bridges by instructing that only ordinary checks be performed, by not taking special steps and by not making personal confirmation, according to the prosecution's findings.

"I hadn't received any reports on the danger of the Songsu Bridge collapsing from Road Director Yi Sin-yong, but took safety measures in which I instructed that safety checks be carried out at a staff meeting last April," the mayor stated in denying the charges. "Especially, when I received instructions from the president and the premier to conduct regular safety checks, I ordered the relevant sections to make sure by examining the state of the bridges and managing them safely."

But the prosecution, after studying the principle of a related German [case], came to the conclusion that it could apply involuntary homicide arising out of duty to the case on the basis of the ex-mayor's negligence.

The prosecution may summon Yi's successor, U Myong-kyu, for questioning as well since in the course of grilling Yi, it came out that U, who was vice mayor in charge of engineering last April when Tongbu Construction Co. reported the bridge was in danger, likely knew about its perilous state.

In addition, the authorities will call in early next week Tong-A Construction Co. Chairman Choe Won-sok, who allegedly ordered that the construction period be shortened.

Sets Former Seoul Mayor Free

*SK0411124094 Seoul YONHAP in English 1208 GMT
4 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—The prosecution, investigating those seemingly responsible for the recent collapse of a Seoul bridge, set free former Seoul Mayor Yi Won-chong Friday evening as no evidence of neglect of duty was found against him.

Yi had been drilled by the prosecution for 28 straight hours from Thursday afternoon.

"I regret I failed to oversee bridge safety programs more thoroughly during my days as Seoul mayor," Yi said as he was leaving the Seoul District Prosecutor's Office.

A prosecution source said the ex-mayor was let go home at 7:40 PM after the prosecution found that he hadn't received any report on the danger of the collapse of the Songsu Bridge.

"We couldn't find any evidence substantiating that the former mayor was aware of the safety problem of the bridge, either," he said.

The source said the prosecution also determined that the mayor cannot be regarded as having the concrete and direct duty of preventing the collapse of the bridge.

The prosecution thus seems to have decided to scrap its earlier plan to criminally prosecute Yi and his short-lived successor, U Myong-kyu.

Meanwhile, the prosecution plans to summon and question Choe Won-sok, chairman of the Tong-a group, early next week on suspicion of conniving at unfaithful welding of the bridge's steel structure in an effort to cut short the period of bridge construction.

Hanil Bank President Resigns Following Scandal

*SK0411014694 Seoul YONHAP in English 0055 GMT
4 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—Hanil Bank President Yun Song-chung tendered his

resignation Friday [4 November] in connection with an alleged lending scandal involving the bank, financial sources said.

Yun has reportedly been investigated over allegations that his bank illegally took commissions when giving out loans, with the Finance Ministry considering his resignation inevitable, one source said.

He has cut off all outside contacts since Wednesday, and checked into a hospital right after his resignation Friday.

After serving out his predecessor's remaining term of two years and nine months, Yun was elected to the bank's top post in early 1992. He still had one year and four months to go to complete his term.

Yun is the third bank president to quit midway through his term since April last year, following ex-Korean Exchange Bank President Ho Chun and former Export-Import Bank President Kim Yong-pin.

Premier Urges Support of Ruling on Ex-Presidents

*SK0411080194 Seoul YONHAP in English 0705 GMT
4 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 4 (YONHAP)—Prime Minister Yi Yong-tok pleaded with the opposition camp Friday to accept the prosecution's decision not to indict two former presidents, calling the ruling the result of "painstaking" review of the case's gravity.

"The prosecution concluded that the Dec. 12, 1979 incident was a rebellion under the military criminal code, which disturbed the command system of the government," Yi told a National Assembly session on social and cultural affairs.

He denied the opposition's allegation of outside pressure on the prosecution to make the no-indictment decision. "I have been told that the prosecution made its ruling through independent judgement."

Irate opposition lawmakers sneered at the prime minister as soon as he started his remarks on the Dec. 12 incident, forcing the assembly to adjourn just 90 minutes into the session.

The assembly reopened slightly before noon.

The prosecution ruled that ex-Presidents Chon Tu-whan and No Tae-u conspired to seize power in the military on Dec. 12, 1979, after the death of their predecessor Pak Chong-hui.

While guilty of military rebellion, they were spared indictment on the grounds that they contributed to the nation, the prosecution said in wrapping up months of investigation.

"The decision was not sufficient or satisfying," said the prime minister, "but the prosecution had worried painstakingly for its part, considering the impact on the country."

On the opposition demand that meritorious medals and monthly pensions be taken away from the two former presidents, Yi said this was "legally too complicated."

Prosecutor-general Kim Tu-hui said the decision was made bearing in mind it would greatly influence the future of the country.

"The prosecution pondered what was best for everyone... the legal, political and social factors," he told the lawmakers.

Those involved in the Dec. 12 incident pushed the country's history backwards, and this type of incident should never be repeated, the chief prosecutor said.

"But if they had been indicted, we would have had to dig up the past in court and revive the national confrontation, disturbing the country's stability and development," he said.

Burma

Commentary Reviews U.S. Talks With SLORC

BK0411085394 Oslo Democratic Voice of Burma in
Burmese 1430 GMT 3 Nov 94

[Commentary by Ok Aw]

[FBIS Translated Text] In considering U.S.-SLORC [State Law and Order Restoration Council] relations, relations between the U.S. Government and the Burmese democratic forces and between the democratic forces and the SLORC should also be taken into consideration.

We will now discuss the visit to Burma by a U.S. Government delegation led by Thomas Hubbard, deputy assistant secretary of state for East Asian affairs, which also included members of the National Security Council and narcotic experts. Prior to its departure from Washington, the delegation announced that it intended to discuss human rights violations, the restoration of democracy, and narcotics control during its meetings with SLORC leaders. There were also reports that the delegation would ask the SLORC to make a clear choice between the two options—implementation of viable reforms in cooperation with the international community, including the United States, or continuing isolation and harsher sanctions.

Let us recall the recent history of relations between the U.S. Government and the Burmese military leaders before commenting on the U.S. delegation's visit. Mr. Solarz, a well-known U.S. congressman and chairman of the Asian affairs subcommittee, visited Rangoon during the 1988 events to help resolve the Burmese political crisis. He met with Dr. Maung Maung, Daw Aung San Suu Kyi, and opposition leaders, and it was understood that he was to arrange for the departure from Burma of the military dictator, U Ne Win, into foreign exile. The United States led the international condemnation of the military's irresponsible acts and atrocities during the 1988 events. When the SLORC came to power, they made slanderous attacks on the Solarz trip in their speeches and in the media, referring to it as interference in their internal affairs.

The point is that they became leaders by seizing state power through force of arms. They have no leadership qualities or education. Mr. Solarz did not just drop in; he may not have been invited by Dr. Maung Maung's government, but it was agreed through diplomatic channels that he would be received by the president. They do not understand that he could not have come without a special visa.

Thomas Hubbard's trip is of a similar nature. Against the background of relations between the U.S. Government and the democratic forces, the meeting between Daw Aung San Suu Kyi and U.S. Congressman Bill Richardson reestablished Daw Aung San Suu Kyi's contact with the outside world. It eventually led to the meeting between her and the SLORC. It is important,

however, not to depend on the United States more than necessary and not to look up to it too much. We can only understand the decision to allow Lieutenant General Chit Swe and Lt. Gen. Tun Kyi of the SLORC to visit the United States by keeping in mind that the United States is a free country. We can see that the SLORC is expanding its territory by using some U.S. businessmen and agents and a handful of Burmese traitors who readily accept bribes from the SLORC to serve as its mercenaries. It is the duty of our democratic forces to focus attention on the SLORC instead of getting angry at the U.S. Government.

It is necessary to have a clear perception of this current trip by Mr. Hubbard. Instead of becoming resentful, it would be more beneficial for us to try to understand the constructive engagement policy of the ASEAN countries, which is aimed at obtaining Burma's natural resources almost free of charge, and the decision of the European Union, Australia, Japan, and Canada to maintain relations with the SLORC. We should adjust our method of operation based on changing conditions without altering our strategy. These countries are major independent and sovereign countries. Although it is true that they support democratic forces, it would be unwise to assume that they will always support us. We would be making the same mistake as during the 1988 events; that is, expecting too much.

Today the situation in Burma is very delicate. The democratic forces and leaders must be very cautious. They should focus on actions that suit the prevailing conditions. Mr. Hubbard's delegation met with Lt. Gen. Khin Nyunt and explained the U.S. Government's position. They requested a meeting with Daw Aung San Suu Kyi, but they were not able to meet with any political detainees. Speaking to international journalists at the Bangkok airport upon its return from Rangoon, the delegation said what emerged from the three-hour talks between the U.S. Government delegation and the SLORC was that although Lt. Gen. Khin Nyunt conceded and acknowledged that Daw Aung San Suu Kyi is a respected figure in Burma, the SLORC has no clear-cut policy on what her role should be in Burmese politics.

The U.S. Government, which has only heard about the SLORC from the opposition, has now had a chance to see for itself what the SLORC is like. Having held talks, it has already informed the European Union and other Western countries that the meeting is not likely to produce much. Meanwhile, some criticism is emerging from the oppressed faction of the SLORC, which claims that Lt. Gen. Khin Nyunt is trying to comfort the Defense Services on the one hand while continuing with his overstretched plan on the other.

The U.S. Government has reviewed its policy toward Burma. President Clinton had established contact with Daw Aung San Suu Kyi through Bill Richardson. Thomas Hubbard will also report on his Rangoon trip. The United States will continue with its own program

and the SLORC will continue its fight, with the democratic forces as its main target. We must strive to accomplish what needs to be done with a minimum of mistakes and maximum effectiveness in a most united manner.

SLORC's Tin U Departs for PRC, Singapore

*BK0211144494 Rangoon Radio Myanmar in Burmese
1330 GMT 2 Nov 94*

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and commander in chief of the Defense Services, saw off a Myanmar [Burmese] goodwill delegation led by Lieutenant General Tin U, SLORC secretary-2 and Army chief of staff, as they left for a goodwill visit and study tour of the PRC and the Republic of Singapore at Yangon [Rangoon] International Airport at 1330 today.

Seeing off the delegation along with SLORC Chairman Senior Gen. Than Shwe were General Maung Aye, SLORC vice chairman, deputy commander in chief of Defense Services, and Army commander in chief; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, both SLORC members and deputy prime ministers; SLORC Secretary-1 Lt. Gen. Khin Nyunt; SLORC members; ministers; senior military officers; PRC Ambassador Mrs. Chen Baoliu; Singapore Ambassador Mr. Calvin Eu Mun Hoo; and responsible personnel.

SLORC Secretary-2 Lt. Gen. Tin U is being accompanied by Lt. Gen. Maung Hla, SLORC member and military appointments general, and senior military officers from the Defense Ministry.

Brunei, Malaysia & Singapore

Malaysia

Minister Sees No Barrier To SRV Defense Ties

*BK0411033994 Kuala Lumpur NEW STRAITS TIMES
in English 2 Nov 94 p 10*

[By M. Jefri Razali]

[FBIS Transcribed Text] Kuala Lumpur, Tues.—The differences in ideology and political systems will not be a hindrance to military cooperation between Malaysia and Vietnam, Defence Minister Datuk Sri Najib Tun Razak said today.

Najib said the differences should not be used as a barrier to prevent close cooperation between both countries in the military field.

"Both countries have indicated their interest to work closely with each other to develop this," he told newsmen here today after holding an hour-long discussion with his Vietnamese counterpart, Gen. Doan Khue.

Doan and his seven-man entourage arrived here yesterday for a five-day official visit to Malaysia.

They visited Syarikat Malaysia Explosives Technologies (SMET) in Sungai Buloh and Airod [Aircraft Overhauling and Servicing Depot] later in the day.

Najib said Malaysia accepted Vietnam as its friend and not as a security threat. Furthermore, both countries are currently seeking to enhance cooperation in various fields.

"In my discussion with my Vietnamese counterpart, he indicated that his country will look favourably towards increasing two-way trade and business opportunities."

Najib said both parties had also identified three possible areas of cooperation to strengthen ties.

Both also voiced their intention to see an increase in military cooperation in line with increased trade and economic development.

"Our bilateral cooperation has improved tremendously and has shown a positive outlook. This is even more after Prime Minister Datuk Sri Dr. Mahathir Mohamed's visit to Vietnam in 1992 and the Communist Party of Vietnam general secretary Do Muoi's visit to Malaysia early this year," he added.

The three areas identified for bilateral cooperation were joint military training, defence industry, and intensifying the exchange of delegations.

"We believe that we will be able to create a more conducive environment apart from creating trust among each other if there is continuous exchange by delegates of both countries.

"On joint training, principally, we agreed on having such an arrangement with the Vietnam Armed Forces. However, we have yet to identify the scope of the training. This will be discussed further."

On collaboration in the defence industry, Najib said both parties have also voiced their intention to cooperate in the industry.

However, he said they did not go into the specific areas of cooperation as Vietnam was still unfamiliar with Malaysia's capability in the defence sector.

"The delegation will visit our plants here to familiarise themselves with our products. Let them see what we can offer! Hopefully, this visit will give rise to procurement contracts and whatever services that we can offer them," he added.

Meanwhile, Doan speaking through an interpreter, said his visit here, apart from strengthening the military ties, was also aimed at creating mutual understanding and trust.

He said Vietnamese leaders had repeatedly explained that Vietnam wanted to be friends with all countries and to strive towards regional peace and stability.

"The party leadership views that any problem in this region should be solved through peaceful negotiations to consolidate stability.

"We hope that we will have an opportunity to learn more about Malaysia during our visit here to find ways to strengthen our relationship," he added.

Travel to Cambodia Not Restricted Despite Warning

BK0411091194 Kuala Lumpur Voice of Malaysia in English 0600 GMT 4 Nov 94

[FBIS Transcribed Text] The government will not restrict Malaysians from visiting Cambodia despite King Norodom Sihanouk's warning to tourists to avoid his country, which he said is in a state of war. Deputy Foreign Minister Datuk Abdullah Fadzil Che Wan said the current situation in Cambodia does not warrant such a restriction. There is no need to react immediately. He told reporters this after opening a diplomatic training course for foreign diplomats at the Institute of Diplomacy and Foreign Relations in Petaling Jaya. Dr. Abdullah Fadzil said Malaysia's policy is to have friendly relations with the ruling government of Cambodia. He added that whatever differences Sihanouk might have with other parties in his country should be solved amicably among them.

Envoy Urges UN Forces To Remain in Bosnia

BK0411081194 Kuala Lumpur Voice of Malaysia in English 0600 GMT 4 Nov 94

[FBIS Transcribed Text] The international community must not leave the Bosnians at the mercy of the Serbs and abandoned by the United Nations. The appeal was made by Malaysia's UN permanent representative, Datuk Razali Ismail. He said the world has a moral obligation to remain in Bosnia-Herzegovina. He said Malaysia stands ready and committed to remain and continue to partake in the UN Protection Force, UNPROFOR, in Bosnia. He was addressing the plenary session of the 49th UN General Assembly on Agenda 39—the situation in Bosnia-Herzegovina. The text of his speech was released in Kuala Lumpur.

Datuk Razali said Malaysia welcomes the Security Council Resolution 947 on the extension of the mandate of UNPROFOR for another six months. But he indicated that Malaysia is duly concerned over the threats by certain countries to withdraw their troops from UNPROFOR should the UN-imposed arms embargo on Bosnia is lifted.

Commentary Calls APEC Target 'Unrealistic Goal'

BK0311142194 Kuala Lumpur Voice of Malaysia in English 0810 GMT 3 Oct 94

[Station commentary]

[FBIS Transcribed Text] It looks like the Asia-Pacific Economic Cooperation, or APEC, forum is biting more than it can chew. The forum has set the deadline for members to achieve regional free trade by substantially reducing or removing tariffs by the year 2020.

As a loose consultative forum, it does not have the mandate to impose anything that is binding on its members. Everything is done by consensus. Even if it were to have the green light from all its 17 member countries, the goal which APEC would have set for itself is overly ambitious.

It is the United States that is pushing for regional free trade by the year 2020. The proposal contained in a draft statement prepared for the informal leaders summit in Indonesia next week, somehow does not have the blessings of all its members. China has adopted a cautious stand and even gone as far as telling some of the countries pushing for the idea not to build castles in the air. With a specific target to realize, it would require APEC to be institutionalized. This goes against the original spirit on which the forum was established.

It functions as a loose consultative forum without a permanent structure. Over the past several years, the U.S. and some other APEC members have been mooted the idea to institutionalize APEC. ASEAN and other several member countries are against the move to formalize APEC. What is interesting is that the statement does not have any commitment by members to a detailed program. This, in itself, says much for the expected difficulties to establish free trade.

Rather [words indistinct] such lofty ideals, it is best the developed countries within APEC get down to the matter at hand. That is, ratifying the General Agreement on Tariffs and Trade, GATT, the passing of single most important document binding all nations multilaterally to a free trading system. And yet most developed countries, including the U.S., have yet to ratify GATT. A majority of developing countries, including Malaysia, have ratified the accord.

The irony is that it was developed nations which in the first place pushed for GATT; now they are stalling. This is one sure way to liberalize trading practices and it is puzzling why some in APEC are being carried away by the other idea. Lest we forget, it took more than seven years before the Uruguay Round was finally concluded.

One also has to consider the diverse economies among APEC member nations before setting out to establish free trade. Another clear obstacle is the U.S. and Japan. They can not even solve their trade problems bilaterally, what more when it is involved 15 other countries. Besides this, ASEAN members must not be taken in by some members of APEC which seem to have ulterior motives for pushing for regional free trade. For ASEAN, its focus must be on establishing the ASEAN Free Trade Area, AFTA. They should resist efforts that might derail AFTA, and AFTA is consistent with the principles of free trade under GATT.

Therefore, countries have to bear in mind that the more pressing issue is GATT's ratification. It is realistic, practical, and is potentially beneficial in expanding world trade. This is no time for APEC to lose its focus and mull unrealistic goal which might do more harm than good.

Cambodia

Khmer Rouge 'Clarification' on Death of Hostages

BK0311130694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 3 Nov 94

["Clarification by the Spokesman of the Party of Democratic Kampuchea on the Three Foreigners in Kampot" dated 3 November—place not given]

[FBIS Translated Text] I. There are reports being disseminated by communist Vietnam's puppets, communist Vietnam, and the warmongering alliance saying that the Khmer Rouge killed the three foreigners. Furthermore, these people have spread bloated propaganda that accuses Democratic Kampuchea and presents themselves as angels.

II. The spokesman for the Party of Democratic Kampuchea would like to make the following clarification on this issue to the local and international community:

1. Democratic Kampuchea paid attention to providing assistance in resolving the issue of the three foreigners that were said to have been abducted in Kampot and providing safety for them. This is the [words indistinct] policy of Democratic Kampuchea.

The content of the messages from the people in Kampot dated 15 and 23 August and (?8) September 1994 on this issue is very clear. The local and international community are clearly aware of the content of the messages issued by the people in Kampot Province on this issue.

2. For the past 13 years the Cambodian nation and people and Democratic Kampuchea have been the victims of the war waged by the communist Vietnamese aggressors and their lackeys, with Heng Samrin, Chea Sim, and Hun Sen as the ringleaders. The past 13 years of war have been devastating and have seen all kinds of suffering. (?The war has continued) since 1982 with UNTAC [UN Transitional Authority in Cambodia] and the Western alliance cooperating with communist Vietnam to fuel the Vietnamese aggressors' war, causing further destruction and death for the Cambodian nation and people.

Since the UNTAC election and the establishment of the two-headed government, communist Vietnam and the Western alliance have ordered the two-headed government to continue fueling the communist Vietnamese aggressors' war in Cambodia and to kill and destroy the Cambodian nation and people incessantly. At the same

time, they have worked together to bring in (?millions) of Vietnamese nationals to annex Cambodia—the country, its population, and its race.

Therefore, the great massacre and genocide has not been committed by the Cambodian people and Democratic Kampuchea but by the communist Vietnamese, communist Vietnam's puppets, UNTAC, the Western alliance, and the two-headed government of communist Vietnam and the alliance. These people must bear full responsibility for the past 15 years and for their present crimes against the Cambodian nation and people.

3 November 1994

The spokesman of the Party of Democratic Kampuchea

Khieu Samphan Denies Responsibility

BK0411080694 Hong Kong AFP in English 0748 GMT 4 Nov 94

[FBIS Transcribed Excerpt] PHNOM PENH, Nov 4 (AFP)—Nominal Khmer Rouge leader Khieu Samphan has disclaimed responsibility for the deaths of three foreign hostages in southern Cambodia.

In a letter to King Norodom Sihanouk, Khieu Samphan blamed the government for their deaths, saying that army artillery had been Phnom Penh's answer to Khmer Rouge efforts to resolve the situation. He also assailed countries to help Phnom Penh implement its policies, presumably by supplying aid, and said they would naturally suffer from their actions.

King Sihanouk "knows I tried to send orders to (those holding the hostages) from a great distance, but I do not know what happened and I am not in control of what happened," the letter dated October 31 said.

The Cambodian government has said that the three hostages, abducted from a Phnom Penh-to-Sihanoukville train July 26, were killed by their Khmer Rouge captors on September 28. The bodies of the three—Australian David Wilson, 29, Briton Mark Slater, 28, and Frenchman Jean-Michel Braquet, 26—were flown out of Phnom Penh Friday to be returned to their homes. [passage omitted]

Co-Prime Ministers Chair 4 Nov Cabinet Meeting

BK0411070994 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 4 Nov 94

[FBIS Translated Text] At 0830, the cabinet of the Royal Government of Cambodia [RGC] held its plenary session under the chairmanship of Prince Krompreah Norodom Ranariddh, first prime minister; and Samdech Hun Sen, second prime minister. The co-prime ministers will announce the RGC composition at this session. The meeting will also hear the report of Phnom Penh City with comments from His Excellency [H.E.] Chhim Siek-leng, Royal Government's delegate to Phnom Penh City.

The meeting will also examine and improve the press bill with comments from H.E. Ieng Muli, information minister.

Former Finance Minister Views Ouster, Reforms

BK0411053994 Hong Kong AFP in English 0458 GMT 4 Nov 94

[FBIS Transcribed Text] PHNOM PENH, Nov 4 (AFP)—Ousted Finance Minister Sam Rangsi has painted a bleak picture of Cambodia's future unless the government undertakes serious reforms of both its structure and its policies. In an interview with the French-language monthly *LE MEKONG*, the outspoken Sam Rangsi identified pervasive corruption and a government structure inherited from the former communist regime as major obstacles to progress.

Cambodia can have hope for the future, he said, "as long as it does not stint on indispensable reforms." The socialist government machinery has been "converted, after a fashion, to the market economy," but there is no tradition of transparency in government, respect for the law or ethics of individual responsibility, he said.

Sam Rangsi held that Cambodia could be rebuilt despite the continuing Khmer Rouge threat, but he criticized what he called the government's policy of confrontation.

"The Khmer Rouge problem can be solved by solving the problems they raise: the disparities between the towns and the countryside, corruption, social injustices, the uncontrolled presence of Vietnamese, etc.... To vanquish the Khmer Rouge, we must first vanquish corruption. And as long as rashly-decided international aid contributes to corruption, it will continue to work to the advantage of (Khmer Rouge leader) Pol Pot's men," he said.

Sam Rangsi was dropped from the government last month in what Co-Premier Prince Norodom Ranariddh said was a bid to bolster unity within the cabinet and ruling coalition. He told *LE MEKONG* he had been sacked, "probably because I came to personify the clash of two opposing cultures in the cabinet: my culture, which is liberal, humanist and prizes personal responsibility, in which each minister must have sufficient latitude to move things forward, and the culture of the Cambodian People's Party, which comes from the communist, collectivist mold.

Minister Interviewed on Cabinet Reshuffle

OW0411001294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Nov 94 Morning Edition p 6

[FBIS Translated Text] Veng Sereivut, Cambodian office minister for the Cabinet of Ministers, granted an interview to a *NIHON KEIZAI SHIMBUN* reporter at a hotel in Osaka on 2 November and commented on a series of cabinet reshuffles, including the dismissal of former Finance Minister Sam Rangsi, saying: "These

actions were necessary to promote the nation's economic policies, which attach importance to encouraging foreign investment." He then asked for understanding from Western nations.

Among other things, people are concerned that with the cabinet reshuffles serving as a source of momentum, the Cambodian political situation may become unstable, and a split of the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia (FUNCINPEC), which is led by First Prime Minister Norodom Ranariddh, may become definitive. In this regard, the minister brought forth a counterargument, saying: "No problem exists because the new cabinet is united."

On measures to deal with the Pol Pot faction, which is not joining the government, the minister said that "economic development," with tourist development as a primary element, "will reduce the number of Pol Pot supporters and dilute the strength of the Pol Pot faction."

Indonesia

Officials Comment on Jakarta 'Bomb' Explosion

BK0311133994 Jakarta ANTARA in Indonesian 0859 GMT 3 Nov 94

[FBIS Translated Text] Jakarta, 2 Nov (ANTARA)—Susilo Sudarman, coordinating minister for politics and security affairs, says he has instructed his men to investigate a bomb explosion in the Block M shopping mall in south Jakarta that took place on Wednesday morning (2 November), injuring a security guard named Lukito.

"I told my men to investigate the explosion to determine whether it really was a bomb explosion," he said in Jakarta on Thursday when reporters asked him about it.

When asked whether the explosion could have been a sabotage attempt by certain groups on the eve of the APEC [Asia-Pacific Economic Cooperation] conference on 15 November, the coordinating minister declined to comment. [passage indistinct]

Earlier, at a separate function, Brigadier General Syarwan Hamid, chief of the Indonesian Armed Forces Information Service, said he was still unable to confirm whether the explosion amounted to a sabotage attempt by certain groups seeking to create problems before the APEC meeting.

"The case is still under investigation; it may not be a bomb explosion. It is possible that it was a large firecracker that produced such a loud explosion," he told reporters at the Defense and Security Department. Syarwan believes that nongovernmental organizations normally stage protest rallies to demand a dialogue with the government but they never try to sabotage the government by setting off bombs.

"The tradition of using bombs exists only in India, Pakistan, Bangladesh, and Sri Lanka because people in those countries are determined to solve their religious and ethnic conflicts by using bombs," he said.

No Journalists Barred from APEC Meeting

BK0411021394 Jakarta ANTARA in Indonesian 1328 GMT 3 Nov 94

[FBIS Translated Text] Jakarta, 3 November (ANTARA)—Speaking in Jakarta, Immigration Director General Roni Sikap Sinuraya said that no foreign journalists will be barred from entering the country to cover the APEC [Asia Pacific Economic Cooperation] meeting in Jakarta this month.

"For coverage of the APEC meeting in particular, no foreign journalists have been barred from entering Indonesia," he said to ANTARA Thursday afternoon while leaving the Justice Department compound. When he was pressed further about whether indeed there were no foreign journalists being barred from entering the country for fear of disrupting national stability, Sinuraya confirmed his earlier statement.

"It is the prerogative of the Armed Forces commander to issue an order to bar anybody from entering the country and immigration personnel only enforce the order. Right now, nobody has fallen into this category," he stressed.

According to data provided by the Directorate General of Immigration, 222 foreigners are blacklisted by an order issued by the Armed Forces commander in October. There were 166 blacklisted foreigners the previous month.

Some time ago, Minister-State Secretary Murdiono also said that not a single foreign journalist will be barred from covering the APEC meeting, which will be covered by about 2,500 domestic and foreign journalists, including about 100 from the United States.

Laos

U.S. Defense Delegation Holds Talks on MIA's

BK0311154094 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 3 Nov 94

[FBIS Translated Text] This morning, the U.S. Defense Department delegation headed by Assistant Secretary of Defense [title as heard] James Wold called on Deputy Foreign Affairs Minister Souban Salitthilat in Vientiane. During the meeting, the two sides consulted with each other and agreed to continue promoting the results of the July 1994 visit to Laos by the emissary of the U.S. President. The two sides also discussed bilateral cooperation in searching for remains of U.S. soldiers missing during the war. The U.S. assistant secretary of defense requested that the Lao side continue to cooperate in implementing and realizing the plan to search for the remains of U.S. soldiers during the 1994-1995 period.

He hailed the Lao side for actively and productively cooperating with the U.S. side in carrying out the mission to search for the remains of U.S. MIA's.

Deputy Foreign Affairs Minister Souban Salitthilat thanked the U.S. side for its favorable assessment of the bilateral cooperation. He once again reiterated the humanitarian policy of the Lao Government in consistently trying to cooperate and make the utmost effort together with the U.S. side to search for the remains of U.S. MIA's. The deputy foreign affairs minister requested that the U.S. side drop the Lao People's Democratic Republic from the list of countries that are ineligible for direct economic and humanitarian assistance from the United States, such as assistance to alleviate losses caused by flooding or the provision of medicine and modern medical equipment, including artificial limbs, even though the United States has partially given such aid to Laos.

Humanitarian cooperation between Laos and the United States is not restricted to searching for the remains of U.S. MIA's. It includes looking for documents, movies, and other museum articles related to the issue.

On the morning of the same day, the U.S. Defense Department delegation left for Xieng Khouang and Luang Prabang Provinces to witness the cooperation in the search for the remains of U.S. soldiers in those places. Tomorrow morning, the delegation will depart for Cambodia on another leg of its visit.

PRC Party Delegation Meets Officials 2 Nov

BK0311143094 Vientiane KPL in English 0930 GMT 3 Nov 94

[FBIS Transcribed Text] Vientiane, November 3 (KPL)—A delegation of the Communist Party of China led by Li Changchun, member of the CPC Central Committee and secretary of the CPC Henan provincial committee, yesterday called on Khamphoui Keoboulapha, vice prime minister and president of the Committee for Planning and Cooperation, during its current goodwill visit to the Lao PDR [People's Democratic Republic].

During the meeting proceeding in a cordial and warm atmosphere, Mr. Khamphoui Keoboulapha who is also a member of the Political Bureau of the Lao People's Revolutionary Party Central Committee (LPRP CC), described the Laos visit by the Chinese delegation a major contribution to the strengthening and widening of the long-standing friendly ties between the parties, governments, and people of Laos and China.

The Chinese side's interest in possible investment in the Lao PDR was also brought into discussion, particularly in small hydropower, cotton yarn and agricultural machinery factories.

The Lao vice premier wished Li Changchun and his delegation success in the visit to Laos.

The head of the Chinese delegation informed the Lao vice premier of the outcome of the visit to Laos, such as the outcome of the meeting with the LPRP delegation.

The delegation of the Communist Party of China returns home today, winding up the five-day long visit to Laos at the invitation of the Lao People's Revolutionary Party.

Vice Premier Meets Swedish Development Director

BK0311150694 Vientiane KPL in English 0933 GMT 3 Nov 94

[FBIS Transcribed Text] Vientiane November 3, (KPL)—The deputy general director of the Swedish International Development Agency (SIDA) Mr. Klas Markensten yesterday called on Khamphoui Keoboulapha, vice premier and chairman of the Committee for Planning and Cooperation.

The two sides discussed the possibilities of strengthening the cooperation and assistance programme between Sweden and Laos. So far the Government of Sweden has assisted Laos through SIDA in several fields such as forestry, communication, education, public health, sanitation, water supply and others. Every year Sweden provides to the Lao Government no less than 100 millions krona (Swedish currency) to support various socio-economic development programmes.

The SIDA delegation arrived here on October 30 to discuss with the Lao Government the cooperation programme for 1995 to 1999.

Thai Princess Visits Bokeo Province, Departs

BK0211100894 Vientiane KPL in English 0907 GMT 2 Nov 94

[FBIS Transcribed Text] Vientiane, November 2 (KPL)—Her Royal Highness [HRH] Princess Maha Chakkri Sirinthon of the Kingdom of Thailand left Bokeo Province yesterday for the Thai northern Province of Chiang Rai, ending her five-day royal visit to Laos between October 28 to November 1, 1994.

On October 31, while on her visit to the special zone of Sianghon-Hongsa, the Thai princess toured ancient and cultural sites in the municipal town of Hongsa. The sight-seeing tour started with the worship to the 400-year-old town stupa built in B.E. [Buddhist Era] 2112, followed by the visit to Wat Sibounheuang, an old revered temple built in the same period with the town stupa by three princes—Chao Fa, Chao Pha Boulom, and Chao Kwan.

At Wat Sibounheuang, the Thai princess presented offerings to the 13 Buddhist monks living in the temple.

The next place of visit was the special zone's exhibition hall where a lignite tree called "Nikai" is placed. The lignite tree assumed to be more than one million years

old was found and presented by the Hongsa Lignite Company to the exhibition hall.

At the special zone's hospital and the primary school of Hongsa District, Princess Sirinthon presented story books for children, school aids, sport gears, and medicines to the hospital and the school.

At 1035 A.M. on the same day, the helicopter provided by the Laotian authority took her to the airport of the northern province of Bokeo bordering Chiang Rai Province of northern Thailand. At the airport, she was welcomed by the governor of Bokeo, Mr. Soukan Mahalat, senior officials of the province, and a large crowd of local residents.

At 1100 A.M. she left for the villages of Lanten and Nam Chang, 16 km away from Houai Sai, the capital of Bokeo, to watch the weaving practice of Lao Houai tribe villagers. She offered some school materials and sport gears to the primary school of Lanetene village. The group of visitors proceeded to Pha Kham village, Houai Sai District, to watch the panning for precious stones.

In the afternoon, Princess Sirinthon presented a set of offerings, [words indistinct] to Buddhist monks at the Chom Khao Manilat Temple.

At the provincial hospital and the Bokeo primary school, she presented medical instruments and medicines, and school aids and sport gears to the hospital and school.

At 1900, the governor of Bokeo hosted dinner in honour of the Thai princess's visit to Bokeo.

On the following morning, HRH Princess Maha Chakkri Sirinthon left Houai Sai by helicopter for the waterfall Nam Keung, 30 km north of Houai Sai, which is aimed to be preserved as a tourist attraction. She also visited a hot spa adjacent to the waterfall.

In the afternoon, the administration of Bokeo organised for her a Basi, a Laotian traditional farewell party marked with wrist tying with holy cotton threads.

Then, HRH Princess Maha Chakkri Sirinthon bade farewell to representatives of the provincial administration and residents of Bokeo and left Houai Sai by helicopter for Chiang Rai, Thailand.

Memorandum on Railroads Signed With Thailand

BK0311135294 Vientiane KPL in English 0905 GMT 3 Nov 94

[FBIS Transcribed Text] Vientiane, November 3 (KPL)—A memorandum on survey on the development of railway in the Lao People's Democratic Republic to be carried out by a foreign private firm was signed yesterday at the Committee for Planning and Cooperation between the Lao Government and the Pacific Transportation Co. Ltd.

The document was signed by Mr. Leuan Sombounekhan, vice-president of the Committee for Planning and Cooperation, and Mr. Wichit Punawat, director of the Pacific Transportation Co. Ltd. in the presence of Mr. Bountiam Phitsamai, deputy-minister and vice-chief of the cabinet of the Prime Minister's Office.

According to the memorandum, if the survey proves feasible for economic and commercial purposes and if the Pacific Transportation Co. Ltd. decides to invest in the railway construction stage 1 (Vientiane-Nong Khai), the Lao Government and the Pacific Transportation Co. Ltd. will set up the National Railway Company Limited of Laos of which the Lao Government will hold a 25 share while the Pacific Transportation Co. Ltd. takes 75 share in the company to be set up.

Following the six-month long survey to begin on December 1, 1994 set by the Lao Government, the construction of the railway to start from the middle of the friendship bridge to the station in Laos is estimated at 900 million baht (Thai currency). Thailand is responsible for the railway construction on Thai soil, pointed out the director of the Pacific Transportation Co. Ltd.

The British Government will cover 42 of the survey cost totalling 500,000 pounds (British currency) while the rest is met by the Pacific Transportation Co. Ltd.

Philippines

Group Threatens Protests During Clinton Visit

BK0411093894 Manila MANILA STANDARD in English 29 Oct 94 p 28

[FBIS Transcribed Text] A leftist group announced it will stage protests when President Clinton pays a brief visit to the Philippines next month. The League of Filipino Students said in a statement that it will protest U.S. economic influence over the country as well as the Mutual Defense Treaty, which remains in effect despite the 1992 withdrawal of all U.S. troops.

"We hold that U.S. imperialism continues to be the principal problem of the Filipino people," the statement said.

The league was active in Communist-inspired protests of the 1980s but its ranks have thinned with an ideological and leadership schism within the Communist Party of the Philippines.

Clinton arrives on the evening of 12 November and leaves for the Asia-Pacific Economic Cooperation summit in Indonesia the following day.

MILF Rejects Separate Peace Talks With Government

BK0411101994 Manila MANILA BULLETIN in English 29 Oct 94 p B-13

[Report by Ali G. Macabalang]

[FBIS Transcribed Excerpt] Cotabato City—The Moro Islamic Liberation Front (MILF) rejected anew yesterday a separate peace talk with the government.

Some public officials had earlier offered the separate peace talks proposal in an effort to stop the renewed fighting between MILF rebels and military troops in North Cotabato. [passage omitted]

In an interview, Mohagir Iqbal, MILF propaganda commission chairman, branded as "divisive tactic" the proposal of some higher authorities for a separate peace talk.

"We are surprised why some government sectors are advocating a separate MILF-government peace talk when we have repeatedly manifested our clear policy, which is to avoid holding a separate talk with the government," Iqbal said.

Earlier, Al Haj Murad, MILF chief of staff and vice chairman, said that the holding of separate talks with the MILF "will only give the government a reason to delay and muddle the process of its ongoing peace talks" with the Moro National Liberation Front (MNLF).

Iqbal said that the skirmishes between MILF soldiers and government troops in North Cotabato have "never been part of the Moro clamor for genuine autonomy."

He said the three-week crisis is an "isolated case" spawned by "financial and political" interests among the protagonists over the question of who should "secure and control" the \$65 million irrigation project in North Cotabato.

General Alarmed at MNLF Cease-Fire Breaches

BK0411061094 Quezon City Radio Filipinas in English 0230 GMT 4 Nov 94

[FBIS Transcribed Text] Philippine Government negotiators said Thursday, they were alarmed over the continued cease-fire violations committed by the Moro National Liberation Front, MNLF. Brigadier General Guillermo Ruiz, a member of the Government-MNLF Joint Cease Fire Committee, said the most common violation is the recruitment of new guerrillas by the separatist (?camp).

The MNLF has been on a recruiting spree, Ruiz added, specially in the provinces of Basilan, Maguindanao and Sarangani. The general said he has already brought the matter to the attention of the MNLF counterparts in the cease-fire committee but nothing has been done about the government's complaint.

Intelligence operatives of the national police in Western Mindanao had earlier reported that the MNLF has been recruiting new members including notorious criminals in Basilan. Police added that the recruit were undergoing training in MNLF camps in (Balaku, Manuso) Basilan.

Investments in Autonomous Muslim Mindanao Noted

BK0311070794 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 3 Nov 94

[FBIS Translated Text] Local and foreign businessmen invested more than 900 million pesos at the Autonomous Region for Muslim Mindanao [ARMM], according to Fatima Sinsuat, chairperson of the regional Board of Investments of ARMM. Sinsuat said more than 7,000 ARMM residents have been employed as a result of these investments. Filipino investors accounted for 60 percent of the capital input, while the rest came from foreign sources. The investments are located in four ARMM component provinces—Maguindanao, Lanao del Sur, Sulu, and Tawi-Tawi.

Thailand**Cambodia Seeks Extradition of Coup Leader**

BK0411040994 Bangkok BANGKOK POST in English 4 Nov 94 pp 1, 6

[FBIS Transcribed Excerpt] Cambodia has asked Thailand to extradite former interior minister Sin Song so he can serve his sentence as one of the main plotters of the failed July coup.

Sources said the request for the return of Gen Sin Song after his arrest in Bangkok Wednesday was made by Cambodia's Second Prime Minister Hun Sen and Defence Minister Tie Banh. But according to Interior Minister Chawalit Yongchaiyut, Gen Sin Song has requested asylum in a third country. Gen Chawalit said the Cabinet would have to decide on the asylum request.

Gen Sin Song, who was sentenced in absentia on October 28 by Cambodia's military court to 20 years imprisonment for leading the July 2 attempt, was arrested at a Huai Kwang house with four other Cambodians. All five are due to appear in court today to face charges of entering the country illegally.

Prime Minister Chuan Likphai said the question of repatriating the Cambodian fugitives or granting them asylum in Thailand or a third country—could not be answered until the courts had passed a verdict. He said the five would have to first undergo a trial under immigration law. Should they be found guilty, they would, in principle, be deported through their point of entry.

The question of whether to grant them political asylum or to extradite them was another matter, said Mr Chuan.

Deputy Foreign Minister Surin Phitsuwan said suspects found guilty of illegal entry had to leave the country.

"But this does not mean they will be repatriated," he said.

Mr Surin said police were trying to find out how the five entered Thailand and the people or "network" which helped them.

"People cannot just walk or sail into Thailand. They need connections," he said.

Law Society of Thailand president Sak Kosaengruang said Thailand was bound by UN principles to give political offenders the choice of asking for asylum either here or in a third country. He said Gen Sin Song was guilty of a political offence.

Cambodia's military court also found 14 Thais guilty of involvement in the coup attempt, but they received suspended sentences ranging from two to five years and were allowed to go free. The arrest of the five Cambodians took place four days after the last of the Thais returned home.

Mr Hun Sen forwarded his request for Gen Sin Song's return through diplomatic channels, the sources said.

Gen Tie Banh, who was reached by telephone in Phnom Penh, told BANGKOK POST he made the request through the Thai embassy in Phnom Penh immediately after he heard about the arrest of Gen Sin Song and the four other Cambodians. Gen Sin Song, 47, was taken into custody in Phnom Penh on the night of the failed coup but escaped military detention on September 4.

Thai Ambassador to Cambodia Sakthip Krairoek said in Bangkok that Mr Hun Sen met the charge d'affaires of the Thai Embassy in Phnom Penh yesterday. Mr Sakthip, who was summoned to brief Foreign Minister Thaksin Chinnawat on Cambodia's reaction, was tight-lipped about the meeting in Phnom Penh. He would only say that Mr Hun Sen wished to convey the message that he had no problem with the new foreign minister or IBC [International Broadcasting Corporation] Cambodia, which is part of the Chinnawat telecommunications group founded by the minister.

The ambassador said the July 2 coup was a separate issue to the reduction in IBC Cambodia's concession term which he said occurred under the former government headed by Mr Hun Sen.

Mr Surin voiced confidence that Foreign Minister Thaksin would be able to separate his personal affairs from those of the ministry.

Gen Tie Banh said he requested the return of Gen Sin Song and the four Cambodians arrested with him. He said he believed three of the four were guards who helped the former interior minister escape.

Gen Sin Song is widely reported to have strong links with Chea Sim, the national assembly chairman, who is said to head the hardline faction of the Cambodian People's Party (CPP), the successor to the former ruling communist party which is now a partner in the shaky coalition government.

Cambodian Ambassador to Thailand Roland Eng said he welcomed the arrest of the Cambodian fugitives. The envoy, who is a brother-in-law of First Prime Minister Prince Norodom Ranariddh, met with Foreign Ministry officials yesterday. Mr Eng said the talks explored ways of strengthening cultural cooperation between Phnom Penh and Bangkok and did not cover the case of Gen Sin Song. Last night he denied his government had formally contacted the Thai Government on the matter because it was still working out what should be done about the fugitives.

Deputy Foreign Minister Surin also maintained that Cambodia had not formally requested the return of Gen Sin Song and company.

"They only want a clarification and any information emerging from our interrogation," he said.

Four Thais were also arrested at the Huai Kwang home Wednesday and charged with providing assistance to the Cambodians. Gen Chawalit said yesterday the four, if found guilty, faced up to 10 years imprisonment and/or a 100,000 baht fine.

The Interior Minister said he had ordered Police Director-General Phot Bunyachinda to pursue the case regardless of the suspects' personal ties even if they be with people from his New Aspiration Party.

At least two NAP members former Phichit MP Pol Lt-Col [Police Lieutenant Colonel] Adun Bunset and Phetchabun MP Kaeo Buasuwan, have been implicated. Pol Lt-Col Adun was accused of involvement in the coup attempt in Cambodia last July but he has denied the accusation.

One of the four Thai men arrested on Wednesday, Bunchai Buasuwan, happens to share the same family name as Mr Kaeo, an adviser to Gen Chawalit.

Gen Chawalit said police could investigate Pol Lt-Col Adun if they wanted and he did not know if Mr Kaeo was involved. [passage omitted]

Sin Song Given Suspended Sentence

*BK0411074294 Bangkok Cho So 100 Radio in Thai
0700 GMT 4 Nov 94*

[FBIS Translated Text] The director general of the Police Department has confirmed that the Cambodian general and his colleagues will remain under police custody until the Foreign Ministry has taken further action.

Police Department Director General Police General Phot Bunyachinda said that for the time being, investigation officials will keep the suspects under police custody until they are sent out of the country. Earlier today, General Sin Song, former interior minister of Cambodia, and his colleagues, were given suspended sentences and fines of 2,000 baht each by the Thai court.

The Foreign Ministry and the Thai Government will decide on further action.

Joint Border Patrol Launched With Cambodia

*BK0411044794 Bangkok BANGKOK POST in English
4 Nov 94 p 6*

[FBIS Transcribed Text] Aranyaprathet—A joint patrol of the border by Thai and Cambodian troops began for the first time yesterday when the Burapha Task Force asked the Thai-Cambodian Coordination Office (TCCO) to invite Cambodian troops in Poipet to patrol the 10-kilometre Khlong Phromhot which separates Thailand and Cambodia. The operation is designed to crack down on smuggling activities across the border armed bandit problems, car smuggling, arms trade and illegal immigrants. Three rowing boats with 20 soldiers from each country are to participate in the newly-introduced operation. The area with most problems are Ban Sone Noi, Ban Wang Mon, Ban Khok Sabaeng in Tambon Tha Kham.

Editorials Praise Rejection of U.S. Arms Depot

BK0411101094

[FBIS Editorial Report] Two Bangkok vernacular dailies—SIAM POST and THAI RAT—carry editorials on 4 November commenting on the rejection of the U.S. request to set up a floating arms stockpile in the Gulf of Thailand.

SIAM POST carries a 350-word editorial on page 4 entitled: "As a Sovereign State." It says: "Prime Minister Chuan Likphai made a very good decision when he turned down the request by U.S. President Clinton for permission to allow U.S. ordnance ships to anchor in the Gulf of Thailand. This is an indication that Thailand is making serious efforts to secure peace and tranquility through peaceful means."

The editorial adds that Thailand reiterated its adherence to the principle of "peaceful settlement of conflicts" during the recent ASEAN foreign ministers meeting in Bangkok.

"Thailand cannot allow U.S. ordnance ships to be stationed in the Gulf of Thailand because it is against the policy statement the government presented to the National Assembly and would cause suspicion among Thailand's neighbors. The Thai Government, however, is always ready to cooperate with the United States in many areas, including the maintenance of peace and security in this region. Thailand has expressed its willingness to work with the United States by sending a medical unit to serve the people in Haiti."

In conclusion, the editorial says: "As a sovereign state, Thailand has a legitimate right to decide how it should implement its independent foreign policy. Thailand has no intention of increasing its military might in terms of

manpower or equipment. It wants its land and sea territory to be free of foreign weapons."

THAI RAT carries a 350-word editorial on page 3 entitled: "The U.S. Strategy in Asia." It says: "The U.S. plan to set up a floating arms depot in the Gulf of Thailand was reportedly to facilitate its mission of maintaining peace and security in the region. The real intention of the United States, however, was probably to contain and prevent Chinese influence from dominating countries around the Pacific and Indian Oceans. The United States finds it hard to believe that China, with an average annual growth rate of 10 percent, will not seek military supremacy."

The editorial continues: "We must praise Prime Minister Chuan Likphai for his courage in refusing the United States, as developments inside and outside the country could easily trigger mutual misunderstandings. We also believe that the presence of a U.S. floating arms depot in any neighboring country would not pose a threat to Thailand's security."

The editorial says: "In reality, there is no large-scale war in the region that warrants the setting up of a U.S. arms depot. Each country in the region is now competing to develop its economy and improve the living conditions of its people. With a U.S. arms depot on its territory, Thailand would be viewed suspiciously by its neighbors. Singapore once proposed that the United States station troops on its island. As for Thailand, we want to tell the United States that we will be ready to cooperate with them to fight the enemy if a war should break out in this region."

Transport Minister Receives PRC Counterpart

*BK0411094094 Bangkok BANGKOK POST in English
4 Nov 94 p 3*

[FBIS Transcribed Text] New Transport and Communications Minister Wichit Suraphongchai spent his first day in office yesterday meeting his Chinese counterpart to discuss land and water transport links between the two countries.

Mr Wichit said Chinese Transport Minister Huang Zhendong's visit to Thailand was a follow-up to talks on water transport along the Mekong River from southern China via Laos and Burma to Thailand. Mr Huang's visit is designed to secure confirmation from the Thai, Laotian, and Burmese governments on the principle of water transport links agreed on at the last meeting of the four countries in Vientiane from October 7-12.

Mr Wichit said the agreement would allow the transport of cargo from southern China, Laos, and Burma for loading on vessels at Laem Chabang Commercial Port in Chon Buri Province.

The Chinese minister will leave immediately for Burma and Laos on the same mission, he said.

Mr Huang also raised the establishment of a joint committee comprising representatives of the four countries to supervise the use of ports, immigration and customs regulations for the Mekong River service and to tackle possible problems during the initial stage of the programme.

Another topic raised during the meeting was the requirement for Thailand and China to change their water transport services based on the General Agreement on Tariff and Trade negotiations, said Mr Wichit. Cargo destined for the two countries had to be transported by their own vessels only. This is in breach of GATT regulations on protectionism.

The planned highway from southern China to northern Thailand through Burma and another route via Laos were also discussed. Thailand already has its sections of the routes in place waiting for the connections through Burma and Laos.

The minister together with his new deputy, Mrs Sudarat Keyuraphan, also spent yesterday meeting senior officials from the Transport and Communications Ministry and the agencies under its jurisdiction.

Mr Wichit said he would have to spend some time studying each agency's undertakings before setting out any specific policies. He refused comment on existing Transport and Communications Ministry projects such as the 1.1 million phone line expansion.

The minister, after the meeting with ministry officials, held talks with officials involved in telecommunications while Mrs Sudarat spoke with those related to land transport.

Government Seeks Repatriation of SRV Refugees

*BK0411091794 Bangkok Voice of Free Asia in Thai
1030 GMT 3 Nov 94*

[FBIS Translated Text] Faced with the problem of political refugees as well as those fleeing from economic hardship in Vietnam, Thailand has been adhering to the Comprehensive Plan of Action adopted at the 1969 International Conference on Indochinese Refugees held in Geneva, Switzerland to solve the problem. Under the agreement, Vietnamese refugees who have refugee status are entitled to resettlement in third countries. On the other hand, those who do not have refugee status must be taken back by Vietnam.

Thailand, with the cooperation of the UN High Commissioner for Refugees, has divided Vietnamese refugees into two groups—those desiring to leave for a third country and those desiring to return to Vietnam. There are a total of 7,076 Vietnamese refugees at present. Of that number, 931 have refugee status and are being processed for resettlement in third countries. They are living at Phanat Nikhom center in Chonburi. Another group of 839 do not have refugee status but have

volunteered to return to Vietnam. They are being processed for repatriation. This group is also at the Phanat Nikhom refugee center. The remainder—about 5,306—do not have refugee status but do not want to return to Vietnam. They are being kept at the refugee center in Sikhiu District, Nakhon Ratchasima Province.

The Thai Government has reasserted its policy to send back to Vietnam all Vietnamese refugees who do not have refugee status. Social and economic development in Vietnam should be an impetus to encourage the Vietnamese to return home. The Thai Government is trying to speed up negotiations with the Vietnamese Government to get Vietnamese refugees to voluntarily leave Thailand, especially before the Comprehensive Plan of Action comes to an end in 1995.

Poll Shows Middle Class Unhappy With Government

*BK0411044594 Bangkok BANGKOK POST in English
4 Nov 94 p 8*

[FBIS Transcribed Text] Middle-class Bangkok people find the Government's performance somewhat unfavourable, according to a survey released yesterday.

The poll conducted on the topic "Ways of Life of the Middle-Class in Bangkok" by 365 Suan Dusit Teachers' College students focuses on people who live in Bangkok, have at least a Bachelor's degree and have a monthly income of about 15,000 baht or more.

"This group was defined as middle-class because it has the most important role socially and economically with the highest buying power," said Assistant Professor Dr Wanwipha Chatuchai of the poll committee.

A total of 47.6 percent of all 2,908 respondents said they were not very satisfied with the Government's performance owing to its indecisiveness on several policies.

Policeman, doctors and nurses are most vocal against the Government, but politicians and government officials said they highly appreciated the administration's work.

A total of 51 percent of all 2,908 respondents expressed appreciation of the military leaders' role in distancing themselves from politics.

People who like the army's current role are mainly politicians followed by state officials. Most were aged over 55 with more than 45,000 baht in monthly income.

For their "ideal" prime minister, 53.6 percent of all respondents said ex-premier Anan Panyarachun was the most suitable person followed by Premier Chuan Lik-phai (21.1 percent), Pol Gen Chatchai Chunhawan (9.7 percent) and Samak Sunthorawet (4.7 percent)

Only 3.3 percent of the respondents like Phalang Tham Party leader Maj-Gen Chamlong Simuang as prime minister, a drastic drop in his popularity compared with previous surveys by many organisations.

A large number (45.8 percent) said honesty was the most important quality of a government leader, 22.7 percent favoured an elected person and 13 percent wanted a decisive leader.

For entertainment, 35.3 percent of the 2,908 people preferred travel to nightspots and most preferred driving to the countryside and exercising in public parks. A total of 59 percent liked watching news on Channel 7. Reading of political news in the local mass circulation THAI RAT scored 42.85 percent. Most of those questioned said they paid less attention to soap operas and game shows.

Vietnam

Killing of Hostages in Cambodia Condemned

*BK0411112594 Hanoi Voice of Vietnam Network in
Vietnamese 1100 GMT 3 Nov 94*

[Station commentary]

[FBIS Translated Text] The most brutal act anticipated by many people has occurred. Three Westerners—a Briton, a Frenchman, and an Australian—were killed by the Khmer Rouge in September after a period of detention and torture. They were visiting Cambodia as tourists and were kidnapped by the Khmer Rouge during an ambush on a passenger train three months ago.

The captors asked for ransom at first, but later made a political demand that the Western countries give up their intention to provide aid to the Cambodian Government and negotiate directly with the Khmer Rouge. They set this as a condition for the release of the three Western hostages. Negotiations, searches, and clearing operations were launched in an effort to free the hostages, but all were in vain.

With the assassination of these Westerners, along with three Vietnamese residents and two Cambodians, the Khmer Rouge has once again exposed their barbarous and cruel nature. As confirmation of the killing of the three Western hostages was being made, another news report said that the Khmer Rouge massacred 50 civilians last week in Battambang. In the recent past, a series of kidnappings and killings of many Vietnamese residents in Cambodia has been reported. It is obvious that the Khmer Rouge will spare no one from their brutal acts.

After the signing of the Paris accord on Cambodia and following the general elections in the country, people the world over thought that peace and stability would return to Cambodia and that the Cambodian people would live in peace and rebuild their country. On the contrary, in reality killing and bloodshed are still prevalent and a smile has not returned to the statue of Bayon's face. The Khmer Rouge are still a dangerous clique.

With the assassination of the three Western hostages, most foreigners have gained the impression that Cambodia is in a state of war and is unsafe. Also as a result of

this tragedy, people see the Royal Government of Cambodia as incapable of exercising its role and authority. This is because Cambodia now has its own armed forces, police, administration, and laws, and yet it failed to maintain political security and protect the lives of its citizens, especially foreigners in Cambodia. In other kidnapping cases, Indian and Russian police have freed the hostages, but the Cambodian police failed to do so. For this reason, King Sihanouk said in Beijing that he felt distressed and ashamed that he could not help free the three Westerners from the Khmer Rouge. The Foreign Ministries of Britain, France, and Australia and the families of the assassinated hostages have voiced their indignation and strongly demanded the Cambodian Government investigate, identify, and seriously deal with the assassins. They are waiting for a response from the Phnom Penh government.

Radio Previews Visits by PRC, Canadian Leaders

*BK0411134594 Hanoi Voice of Vietnam in English
1000 GMT 3 Nov 94*

[Station commentary]

[FBIS Transcribed Text] Mutual development in Vietnam-China and Vietnam-Canada relations would be witnessed in coming days with the visits to Vietnam by leaders of China and Canada. Here are our comments.

General Secretary of the Communist Party of China and President of the People's Republic of China Jiang Zemin will pay an official visit to Vietnam from November 19 to 22. According to a communique released by Vietnamese Foreign Ministry, the visit will be made at the invitation of party General Secretary Do Muoi and President Le Duc Anh. This will be an important event in bilateral relations, and a second time a top level Chinese leader has visited Vietnam since the two countries normalize relations. Last year Prime Minister Li Peng visited Vietnam. This reality shows that though there remains differences to be settled between Vietnam and China, the process of normalization of relations between [words indistinct] hope that the coming visit by President Jiang Zemin will continue [words indistinct].

Meanwhile the prime minister of Canada, Mr. Jean Chretien, will also pay a three-day visit [words indistinct] and cut the ribbon for the inauguration of the Canadian Commerce Office in Ho Chi Minh City. During his visit, Prime Minister Chretien will, together with Vietnamese leaders, finalize agreements on trade, textile and garment, and promote business between Canada and Vietnam. It is also expected that by the end of this year, the country will sign a supplementary agreement on legal assistance and an agreement on avoidance of double taxation. The new Canadian ambassador to Vietnam affirmed at the recent press conference in Hanoi that the coming visit by the Canadian prime minister will open a new chapter in bilateral relations [words indistinct].

Commentary Welcomes Australian Minister's Visit

*BK0411100794 Hanoi Voice of Vietnam in English
1000 GMT 2 Nov 94*

[Station commentary]

[FBIS Transcribed Text] A delegation of the Australian Ministry of Small Business, Customs, and Construction led by Minister Chris Schacht is now on a working visit to Vietnam as from 30 October. Here is our comment:

One of the major parts of the Australian foreign policy this decade has been to promote multifaceted economic cooperation with Vietnam and other nations in Asia-Pacific. Comprehensive cooperation between Vietnam and Australia has developed strongly. Vietnam and Australia established diplomatic relations in 1973. In 1993 Prime Minister Vo Van Kiet visited Australia, and in April 1994 Australian Prime Minister Paul Keating visited Vietnam. The exchanges of visits by leaders of the two countries marked a turning point in bilateral relations. In the recent past, the two sides have exchanged many delegations at various levels and businessmen of both sides have sought opportunities to strengthen bilateral economic ties.

Australia was one of the first Western countries to lift its trade ban with Vietnam and resume development aid for Vietnam. From 1992 to 1995, Australia has granted Vietnam \$85 million [currency not specified] in aid. The two sides have signed important agreements and the legal basis for promotion of bilateral economic cooperation—such as the agreement on economic and trade cooperation, agreement on protection of investment and on avoidance of double taxation—and set up a joint economic committee and business council.

In 1993 Australia exports to Vietnam reached \$115 million, five times more than that in 1992. Vietnam exports to Australia also reached \$250 million. Australia now ranks fourth among foreign investors in Vietnam with 46 projects worth of \$765 million. At present, Australia has been helping Vietnam in training, education, public health, afforestation, and water resources.

During its trip to Vietnam, the delegation of the Ministry for Small Business, Customs, and Construction led by Senator Chris Schacht was exchanging views with the State Law Committee of Vietnam and various relevant ministries the possibility of cooperation and investment in capital construction, transport, oil exploration and exploitation, and mining. At the reception given to the delegation, Deputy Prime Minister Tran Duc Luong affirmed that Vietnam all the way welcomes Australian businessmen for investment.

Deputy Prime Minister Receives German Official

*BK0411094694 Hanoi Voice of Vietnam in English
1000 GMT 3 Nov 94*

[FBIS Transcribed Text] Deputy Prime Minister Tran Duc Luong has met with a German state minister in

Hanoi. He is the minister of medium-sized enterprises, economy, and technology of North Rhein-Westphalia State, Mr. Gunther Einert. Deputy Prime Minister Tran Duc Luong renewed the Vietnamese Government's pledges to create good opportunity to develop cooperative relations between Vietnam and Germany.

CPV Party Ideologists End Visit to Malaysia

BK0411071094 Hanoi VNA in English 0629 GMT 4 Nov 94

[FBIS Transcribed Text] Hanoi VNA November 4—The deputy head of the Commission for Ideology and Culture of the Communist Party of Vietnam, Mr. Ha Hoc Hoi, has concluded an eight-day visit to Malaysia made at the invitation of the Secretary General of the ruling United Malays National Organization (UMNO).

Mr. Hoi and his party were received by UMNO Secretary General Mr. Datuk Mohamed Rahman and toured some cultural and information establishment in Malaysia. Wherever they came the Vietnamese party ideologists were advised of Malaysia's experience in economic, social and cultural development.

They informed the hosts of typical features of the renovation now prevailing in Vietnam.

Indian Oil Corporation Seeks Joint Venture

BK0411094494 Hanoi Voice of Vietnam in English 1000 GMT 3 Nov 94

[FBIS Transcribed Text] The Oil and Natural Gas Corporation of India is willing to enter into cooperation and joint venture with PetroVietnam and other oil companies in Vietnam to share its expertise in offshore and onshore explorations, Mr. (?Penta), the corporation chairman of [words indistinct] said to a recent Hanoi press conference. The corporation's prime concern was how to bring gas to the shore with maximum efficiency and economy. Gas could be used to make fertilizer and to generate electricity.

Phan Van Khai Delivers Report at Assembly

First Part

BK0311104494 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Nov 94

[First part of an "excerpt" of Deputy Prime Minister Phan Van Khai's supplementary report on "Some Issues Concerning the Implementation of the 1994 Work, and the Orientations and Tasks for 1995" delivered at the Ninth National assembly's Sixth Session in Hanoi on 31 October—read by announcer]

[FBIS Translated Text] The demand for accelerating a sustainable development rate and improving the efficiency and competition of our economy is not only an aspiration of the public but is also a basic necessity stemming from the very strong pressures both from

inside and outside the country. However, in looking at the real situation in our country at present, we have to admit that there are many signs that awareness of the need for being frugal is still poor in the state mechanism as well as among the public. Wastage is common among consumers and producers. Most resources, including that of capital, are not mobilized for development investment. If this situation is not improved, we cannot enter a new developing stage rapidly, firmly, and efficiently.

The National Assembly deputies have approved major measures, directions, and duties for socioeconomic development. They have also suggested policies and measures for the 1995 planning and the 1995 state budget. Many have suggested that the budget revenue collection and government spending must be planned in close connection with practical capacities.

Moreover, they also expressed their concern over the low allocation of 10,860 billion dong for infrastructure investment. In fact, the allocation is about 10,300 billion dong after repaying [foreign] loans and nearly 75 percent of the allocation comes from foreign loans and aids. Actually, budget revenues reserved for investment are only 2,770 billion dong or 1.2 percent of Gross Domestic Product, and that percentage is too low. Their concern shows their good judgment because budget spending for infrastructure construction is an essential condition for exploiting domestic and external resources to meet the development requirements in the new period.

In that situation, we have only two options: first, to increase the budget revenue, and, second, to limit other spending to divert more money for infrastructure investment. Local authorities at all levels must consider the lawful collection of taxes their top duty because budget revenues are the government's most important resource for carrying out socioeconomic, national defense, and security duties. Budget revenues are also the most effective instrument for macroeconomic management.

The ability to fulfill the targets outlined for revenue collection and budget spending in the last months of this year as well as the chance to increase revenue collection for 1995 depend on the efforts exerted by local authorities and the state finance sector as well as their good coordination with related state organs and mass organizations. In order to encourage these efforts, and in addition to the revenues reserved for local authorities under current regulations, the government suggests that from 1995, supplementary regulations are to be applied as follows:

- One hundred percent of the money coming from the sale of local public housing will be left to local authorities for future development of public housing,
- Seventy percent of fees collected from the granting of the right to land use will be left to local authorities for infrastructure construction, and

—Fifty percent of taxes collected from the transference of the right to land use will be left to local authorities.

Regarding import-export taxes collected on cross-border trading, the government suggests the following amendments:

—Most provinces surrounded by land borders are allowed to keep all import-export taxes to cover their expenses for the construction and strengthening of infrastructural, socioeconomic, national defense, and security projects along their border.

—For some provinces with a relatively high resource of import-export taxes collected on cross-border trading the central government will set up a rate for them to contribute to a fund which will be used to support other border provinces.

Regarding revenues that are collected that exceed the target set in government planning, the central government now allows local authorities to keep all the extra revenues collected on income tax, in addition to 100 percent of the revenues collected from various taxes that local authorities are allowed to keep for themselves. Consequently, for localities which know how to closely control their production expenses and adopt measures to reduce material costs and improve their management, their extra revenues from income tax will be higher.

For revenue that exceeds the annual plan for business tax that is collected for the central budget, the rate of 60 percent reserved for local budgets is to be maintained. Localities are authorized to use reserved portions of revenue that exceed the annual target in development investment, or to increase their budget reserve for later years.

The important point that localities should bear in mind is that the unity of national and local interests should be highlighted while planning for budget revenue and expenditures. We all understand the justifiable need for expenditure among localities and sectors, but we should show consideration for the common interest by actively mobilizing all revenue sources and practicing thrift in spending in accordance with policies to maintain the national budget balance. In 1994, there are 33 provinces that have smaller revenues than their expenditures and which thus have to rely on supplementary subsidies from the central budget. Once again we need to stress the targets assigned to localities; localities with revenues larger than total expenditures should strive to further increase their revenue and pace of development to increase the surplus and the contribution to the national demands for national defense, security, and culture as well as for social needs. Localities which are competent in balancing their budgets should strive for larger revenues, and those which still have to rely on subsidies from the central government should strive to gradually reduce the subsidies and become self-balanced and self-supplied in budget management. In evaluating the socioeconomic situation of localities, effort in this direction should be

considered one of the most critical guidelines for contributing to the struggle for a prosperous people, a strong country, and an equitable and advanced society.

In addition to reduce spending, potential sources for development investment are abundant and should be mobilized. Reduction of spending should start from the state-run sector. Based on the experiences of past years, the government recommends a regular and continual campaign for practicing thrift within the public sector including business, administration, and professional establishments. Above all, every agency, section, worker or employee should be aware of what and where we can reduce spending; they should set up saving plans for 1995 and should inform the agency and their superiors of these plans. Ministries and agencies in the government and people's committees of provinces and cities will sum up plans for saving for all units within their own sectors or localities; they will make public these plans and report to the government at the beginning of the year. Sums saved by agencies will be used in the necessary expenditures of the agencies and the details will be reported to their superiors.

The awareness of every unit and individual and of the public of the plans and their implementation—with everyone being able to contribute suggestions, follow up, and inspect—are elements that will encourage and enhance the results of the campaign. The supervisory role of the National Assembly and people's councils, supporting the campaigns of mass organizations, and the voice of the public media, will also have important parts in the success of our thrift practicing campaign.

Regarding the 1995 draft budget submitted to the National Assembly, some deputies recommended further spending cuts to save more capital for development investment. The government welcomes the recommendations and suggests that the National Assembly approves the following concrete measures:

1. In the next several years starting from 1995, expenditures on building new offices, purchasing cars, and decorating interiors of premises belonging to state, party, and mass organizations supplied by national budget will be halted. Exceptions must be authorized by the prime minister.

2. The rate for the minimum wage and the differences between pay levels for 1994 will be maintained without changes in 1995. In addition, all capital obtained for the budget from foreign sources, including loans with favorable terms and sale of bonds overseas, will also be used for development investment. The effort to increase budget capital for basic construction investment should be coupled with strict observation of new regulations on the management of construction investment. We should definitely stop the situation of construction projects ignoring plans and procedures. Quality of planning and preparations for construction projects should be heightened, especially for projects that can draw foreign capital, to increase capital sources and secure the efficiency of the projects.

Second Part

BK0411014194 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 1 Nov 94

[Second and last part of "excerpt" of Deputy Prime Minister Phan Van Khai's supplementary report on "Some Issues Concerning the Implementation of the 1994 Work, and Orientations and Tasks for 1995" delivered at the Ninth National Assembly's Sixth Session in Hanoi on 31 October—read by announcer]

[FBIS Translated Text] Efforts to quickly accelerate investment and development using non-state capital, some export-import issues, and the containing of inflation:

While making greater efforts to increase investment for infrastructure using the state budget, we must realize that the economic growth rate depends chiefly on investment and development projects of various enterprises and the people's strata. The expansion of production and business by various sectors and branches in various forms of ownership using loans, credit, and investment funds distributed by the state, and capital from foreign companies are the important factors that help change the economic structure and provide more jobs for workers, thereby helping us to attain notable economic results. These are important sources that help increase the financial accumulation, improve the people's daily life, and increase state revenue collection. When the volume of our income is larger, various demands will be satisfactorily met.

The new development process requires our people to enhance industriousness and economical awareness in their daily life. All people and enterprises must strive to practice thrift to save money and energy for investment and development. All sources of capital should be mobilized to invest in economic projects to earn more profit. Propaganda and education tasks must be carried out in line with the mechanism, policies, and concrete measures designed by the state to create an impetus for fulfilling this goal.

First, we must strive to seriously and uniformly carry out the multisectorial economy on the basis of developing the active role of the state economy, including state enterprises, and enhancing socioeconomic development results.

Second, we must strive to quickly concretize and satisfactorily implement the newly promulgated law on domestic investment promotion. On a long-term basis, we must strive to formulate a uniform policy on the promotion of investment both at home and abroad. It is imperative for us to revise various administrative procedures that currently cause inconvenience to the registration of businesses. We should apply the one-door system in receiving and considering various investment projects.

In addition to the policies on encouraging and supporting investment projects as classified into various

sectors, branches, and locations, the state must create essential favorable conditions for infrastructure development using capital from the central and local governments, mobilizing investment capital from the people and business establishments, promoting the transfer of new technologies in production and management, accelerating agriculture promotion, improving marketing information, and developing the capital market. The state should also allot a portion of the budget to support essential objectives.

Third, we must strive to attract capital in various forms while trying to develop the capital market to pave the way for establishing the stock market. Through the stock market we can mobilize all sources of idle money to turn them into active capital to meet investment requirements and to enhance the results of capital deployment. To create a firm capital market, we must continue to contain inflation and stabilize our currency values while striving to mobilize idle money for use in various projects. Besides the existing forms of savings and purchase of government bonds, we must step by step issue business treasury bonds and shares on the basis of developing the newly established share-holding companies. We must strive to introduce share-holding state enterprises and promote insurance funds. The bank must strive to expand investment capital, attract medium-term deposits to meet demands for capital, enhance the quality of services and settlements, and build confidence among its clients. We must formulate a law on stock and the stock market and train cadres in anticipation of the establishment of this market. These are the concrete tasks that must be carried out to resolve the capital issue in accordance to the prime minister's report delivered at this National Assembly.

Dealing with a number of issues related to the export-import policy, Deputy Prime Minister Phan Van Khai stressed that in 1995, the estimated import value is \$1,000 million more than last year, of which \$400 million will be spent on imported equipment, mostly equipment for investment projects; \$550 million for raw materials and fuel; and \$50 million for consumer goods, especially wheat, powdered milk, pharmaceutical products, small cars, and motorcycles.

Some consumer products do not require the purchase of a considerable number of completely knocked down units from foreign countries to manufacture them. Nonetheless, if we take into account the volume of consumer products that are assembled from imported accessories, the total figure is quite high. We can cite cars, motorcycles, and civilian electronics equipment as examples.

Our foreign currency supply is limited. Therefore, we must exert tight control over the use of foreign currency so it can yield effective results and generate new income. As a general rule, we must exert tight control over import activities and encourage the import of means of production that we do not yet have, especially high technology equipment, as well as raw materials.

Regarding consumer products, including luxury goods, it is our policy not to prohibit but rather to regulate imports through taxes. An effective way of encouraging people to economize on the purchase of consumer products and invest their savings to expand business and production facilities is the application of incentive measures to promote and support investment while at the same time adopting a reasonable tax policy toward consumer products. Regarding goods that can be produced locally, it is necessary to protect local production through customs barriers. When applied, these must be set at a proper level and must be reduced gradually to avoid incidents in which producers fail to uphold the spirit of self-reliance and let production come to a standstill.

All sectors and production facilities must always take into account price and quality when comparing their goods with products on the world market. Furthermore, they must fully realize the extremely urgent need for competitiveness, especially now that we are making preparations to participate in the GATT (General Agreement on Tariffs and Trade) and efforts are being made to set up a free trade bloc for the ASEAN member countries, of which our country will gain full membership at an early date.

Regarding products with limited quotas like alcohol and tobacco, or with regulated quotas like luxury goods, it is necessary to apply the special consumption tax policy, which is entirely different from the import tax policy. The reason is that whether they are produced locally or imported, those products must be subjected to the special consumption tax law. The aforementioned concepts must be used as a guiding principle for our import tax reform program in the days ahead.

In addition to these policies, steps must be taken to restore order on the import management front. Resolute efforts must be made to reorganize a number of key establishments that have sufficient conditions and abilities for imports, including the import of accessories needed for the assembly of important products. In this connection, it is necessary to bear in mind the need to abide by the principle of ensuring order and credibility in the foreign trade market as well as preventing monopolization.

Foreign currency exchange rates have an important impact on import-export activities. It is the government's policy to control foreign currency exchange rates in accordance with the principle of promoting exports, controlling imports, and facilitating foreign currency buying and selling activities. To handle this issue, we must adopt measures to ensure a balance between foreign currency supply and demand while at the same time gradually reducing the role and utilization of the dollar on the domestic market and continuing to make efforts to curb inflation and stabilize macroeconomic activities.

The need for continued efforts to curb inflation forms the last part of Deputy Prime Minister Phan Van Khai's

report at the Sixth Session of the Ninth National Assembly. The report points out:

In 1995, the fight against inflation will continue to face many difficulties due to the impact of a quick increase in investment and development at home as well as a rising prices on the world market. Moreover, the price of a number of local products like electricity, gasoline, and oil still require subsidies and appropriate adjustments.

Guaranteeing steady development of production and export activities is of important significance because this helps maintain a balance between the supply and demand of essential goods and meets the requirements of imports. The government will draw on its experience to make better use of mechanisms to regulate macroeconomic activities and improve its ability to curb inflation, thereby keeping the pace of price increases at less than 10 percent a year.

I would like to take this opportunity to present a supplementary report on the price stabilization fund set up by the government in April 1993 using part of the additional profits generated by the collection of import-export taxes to assist business and production establishments in the event of unfavorable price fluctuations. The realities of nearly two years of operating the price stabilization fund testify to the need to derive experiences in overhauling the management of revenue and expenditure of the fund, thereby making better use of this instrument and helping production and export establishments avoid the negative impact of unfavorable price fluctuations.

I have just dealt with a number of major issues that were not included in the explanations made by some of our ministers or that required further clarifications to guarantee a unanimity of views on the 1995 tasks.

At the plenary session, the National Assembly deputies did not raise the questions concerning the size of the personnel organization and allowances for the contingent of village and ward cadres. Nonetheless, the comrade minister head of the Government Organization and Cadre Committee did send the National Assembly groups a detailed report on the government's policy to deal with this issue next year.

Editorial Urges Greater Efficiency in 1994 Tasks

BK0411100594 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 2 Nov 94

[FBIS Translated Text] On the occasion of the successful conclusion of the Ninth National Assembly's Sixth Session, today's NHAN DAN carries an editorial entitled: Faster, More Steadfast, and With Greater Efficiency.

The editorial reads: In the process of discussing and approving the resolution on the socioeconomic situation in 1994 and tasks for 1995, one of the issues that concerned deputies the most was our effort in practicing thrift in the cause of advancing industrialization and

modernizing the country. Our country is on the path of development, production output is increasing, and our people's lives are improving. To avoid the risk of lagging further behind our neighbors economically, we need to develop at a speedier pace. We need more capital to do this, with the main source being domestically mobilized capital.

The editorial also affirms that practicing thrift does not just involve reducing extravagant and wasteful expenditures. The main point is to increase the efficient use of capital. In the common interest of the country, we should overcome disunity and regionalism and ensure that all capital funds are used as planned.

In the immediate future, projects that will yield high returns or a fast rotation of capital should be given high priority, as this helps boost national reserves. In addition to preparing for the 1995 tasks, there are still many things to do from now until the end of the year to fulfill all state programs for 1994. At present we need to focus on measures to overcome the damage caused by floods; help people settle down and catch up with the winter planting season; properly regulate the distribution of food staples; fulfill obligations to the national budget; mobilize capital for basic construction and other national projects; control and contain inflation to avoid price upheavals in the final months of the year, especially in the days before and after the lunar new year; and continue reforming administrative procedures to reduce inconveniences for the people and businessmen. We should strive to fulfill all remaining tasks for the year as planned in the National Assembly resolution in order to create the conditions for further developing our advantages and overcoming difficulties and to proceed faster, more steadfastly, and with efficient progress in the undertaking to build a prosperous people, a strong country, and an equitable and advanced society.

*** Article Discusses Foreign-Invested Enterprises**

952E0007A Hanoi THOI BAO KINH TE in
Vietnamese 31 Aug 94 p 10

[Article by Vu Huy Tu: "State Management of Foreign-Invested Enterprises"]

[FBIS Translated Text] According to the general statistics of the State Commission for Cooperation and Investment, as of July 1994 there were 983 foreign investment projects with a total capital of \$9.5 billion. Of these projects, 824 are currently in operation with a capital of \$8.7 billion; eight have expired; and 151 with a capital of \$735 million have been dissolved.

Over the past six years, since the Law on Foreign Investment was promulgated in December 1987, foreign-invested enterprises have produced an amount of goods and services worth \$780 million, have created nearly 50,000 direct jobs in enterprises and almost 100,000 jobs in capital construction, in raw materials

and materials production, and in other services in support of cooperation and investment. These enterprises have discharged their financial obligations by contributing \$211 million to the state.

At present, nearly 3,000 Vietnamese cadres work as managers in foreign-invested enterprises, mainly in joint ventures.

Through cooperation in investment, we have exploited and increased new production capacity in some sectors such as transportation, postal service, the hotel industry.... We have mobilized a fairly large amount of capital (of the total registered capital of \$8.5 billion, over \$2 billion have been put into operation). We have received some advanced techniques and technologies in many economic sectors such as telecommunications, oil and gas exploration, electronics, automobile and motorcycle production and assembly, chemicals, and agriculture. We have built world-class hotels, produced a number of consumer goods of good quality....

We have acquired some advanced management methods, and some experience in production and business organization under the market mechanism. We have quickly broadened our foreign economic relations and have gradually integrated our economy into the world economy, thereby contributing to the promotion of socioeconomic stability and development in accordance with the party's renovation policy.

However, the macro management of the state and macro operations of foreign-invested enterprises have shown weaknesses that should be fully seen so that effective corrective measures may be taken.

We would like to make some suggestions on problems that deserve the greatest attention, namely:

- Recognition of foreign-invested enterprises.
- State management of foreign-invested enterprises.
- Enterprises' independence in business.

1. On recognition of foreign-invested enterprises

The main characteristics of this kind of enterprise are the following:

1. Concerning the system of ownership: One part (in case of a joint venture) or all (in case of a 100% foreign-invested enterprise) of the enterprise is owned by foreign organizers.
2. Concerning the nature of foreign-invested enterprises: Whether an enterprise is partly or wholly owned by foreigners, it is still a Vietnamese legal entity founded and operating in accordance with Vietnamese law.
3. Located in our country, foreign-invested enterprises are fully subject to the macro management of our state and are influenced by the political and socioeconomic situation in our country. At the same time, they also have a definite (positive or negative) impact on our country depending on the way they operate (in the right or wrong

direction, efficiently or at a loss. These enterprises may affect the ecological system, the socioeconomic environment...).

4. Foreign-invested enterprises operate for a definite period; at the end of this period, they will be turned over to the Vietnamese side. The ownership of the proprietors of these enterprises is only temporary. When these enterprises are turned over, we have to accept them whether they are good or bad.

5. Joint ventures (which account for the majority of foreign-invested enterprises) belong to the state capitalist economic sector and usually have large amounts of capital, high quality techniques and technologies, and good managerial experience; for this reason, they will play a positive role ("they are the waiting-room of socialism" as Lenin put it) in the multisectoral economy of a small agricultural country advancing to socialism like Vietnam. With these characteristics, we think that, during their period of operation, although foreign-invested enterprises may be partly or wholly owned by foreigners, in the long run all of them will become our state's property and business establishments. We will receive these enterprises whether they are good or bad, positive or negative.

Therefore, right from the moment permission is granted for the founding of a foreign-invested enterprise and throughout the process of its operations, our state must adopt such managerial policies, methods, and measures as to ensure that the enterprise will take shape and operate in the right direction and with efficiency and that it will have a positive impact on the socioeconomic environment. The state must also prevent and restrict to the minimum its negative influences.

This also points to the need for correct state management of foreign-invested enterprises.

II. The substance of state management of foreign-invested enterprises

The state, by means of policies, procedures, and measures, administers macro management of the economy in general and foreign-invested enterprises in particular in order to manage these enterprises in all respects—from the granting of permission for its founding to their operations. This is aimed at:

—Ensuring that foreign-invested enterprises will do business in accordance with the development orientation of our entire socioeconomic system (including the structure of economic sectors, territorial divisions, economic sectors, domestic economic activities, foreign economic relations...).

—Creating stable legal and socioeconomic environments and necessary and stable conditions for the founding and efficient business operations of enterprises.

—Protecting the ownership and the legal and legitimate interests of investors.

—Inspecting, checking, and controlling compliance with the law in enterprises and dealing with violations.

—Regulating the economic interests of enterprises in accordance with Vietnamese law (by means of tax policies; land and house rent; power, water, and service rates; labor charges; workers' social security...).

The state must adopt uniform laws on enterprise management, covering from the granting of permission for the founding of an enterprise to the operational factors of its input and output, its cooperative and competitive business relations, the distribution of its economic gains, and the protection of natural resources.

III. The independence of foreign-invested enterprises in business

An important factor in macro management is that we must clearly define and guarantee the right to independence in business of enterprises in general and foreign-invested enterprises in particular.

The essence of these enterprises' independence in business includes the fact that, within the framework of Vietnamese law, they have the right to:

—Determine—and organize implementation of—short-term and long-term business strategies, programs, and plans on the basis of market forecast.

—Take the initiative in formulating and implementing marketing and customer-relations policies.

—Take the initiative in organizing the enterprise management apparatus.

—Take the initiative in organizing business operations (determining production plans, resolving input and output problems such as equipment and materials importation, worker recruitment, wage payment, relations with the banks, product marketing...).

—Enjoy financial independence and take the initiative in practicing business accounting.

The aforementioned right to independence in business must be closely linked with the enterprises' obligations to the Vietnamese state in accordance with Vietnamese law and international practice.

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